COWEN GROUP, INC.
Form S-1
November 25, 2009

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As filed with the Securities and Exchange Commission on November 25, 2009.

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

COWEN GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**6211**	**27-0423711**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**599 Lexington Avenue
New York, New York 10022
(212) 845-7900**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**J. Kevin McCarthy
General Counsel
Cowen Group, Inc.
599 Lexington Avenue
New York, New York 10022
(212) 845-7900**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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(212) 728-8000	(212) 839-5300

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	**Shares to be Registered**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(3)**
Class A common stock, par value $0.01	17,250,000	$112,642,500	$6,286

(1) Estimated solely for purposes of determining the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. The proposed maximum offering price is based on a per share price of $6.53, the average of the high and low prices of our common stock on November 20, 2009, as reported on the Nasdaq Global Market.

(2) Includes shares of Class A common stock that the underwriters have an option to purchase solely to cover over-allotments.

(3) Determined in accordance with Section 6(b) of the Securities Act of 1933, as amended, at a rate equal to $55.80 per $1 million of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS (Subject to Completion) **Dated November 25, 2009**

15,000,000 Shares

COWEN GROUP, INC.

Class A common stock

This is a public offering of shares of Class A common stock of Cowen Group, Inc. All of the 15,000,000 shares of Class A common stock are being sold by Cowen Group, Inc.

Our Class A common stock is presently traded on the NASDAQ Global Market under the symbol "COWND". On November 24, 2009, the last reported sale price of our Class A common stock was $6.72 per share.

An investment in our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 11 of this prospectus to read about factors you should consider before buying shares of our Class A common stock.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	*Total*
Public offering price	**$**	**$**
Underwriting discount	**$**	**$**
Proceeds, before expenses, to Cowen Group, Inc.	**$**	**$**

We have granted the underwriters an option to purchase up to an additional 2,250,000 shares of our Class A common stock to cover any over-allotments, at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2009.

Cowen and Company

BofA Merrill Lynch

Credit Suisse

Sandler O'Neill + Partners, L.P.

, 2009

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You should rely only on the information contained in this prospectus. Neither of us nor the underwriters has authorized anyone to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with additional or different information, you should not rely on it. We and the underwriters are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, unless the information specifically indicates that another date applies, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

BASIS OF PRESENTATION

In this prospectus, references to "the Company," "Cowen Group," "we," "our" and "us" are to Cowen Group, Inc. and, except as the context otherwise requires, its consolidated subsidiaries. In this prospectus, references to "Ramius" refer to Ramius LLC, a wholly owned subsidiary of the Company, references to "Cowen Holdings" refer to Cowen Holdings, Inc., a wholly owned subsidiary of the Company, and references to "RCG" refer to RCG Holdings LLC, an entity which holds approximately 66.56% of our Class A common stock, in each case unless the context indicates otherwise. References to "Cowen and Company" refer to Cowen and Company, LLC, a wholly owned subsidiary of Cowen Holdings and the Company's primary broker-dealer, and to the Company's investment banking operations generally.

On November 2, 2009, the transactions (which we refer to collectively as the Transactions) contemplated by the Transaction Agreement and Agreement and Plan of Merger, dated as of June 3, 2009 (which we refer to as the Transaction Agreement), by and among the Company, Ramius, Cowen Holdings, RCG and Lexington Merger Corp., were consummated including (1) the merger of Lexington Merger Corp. with and into Cowen Holdings, pursuant to which each outstanding share of common stock of Cowen Holdings, Inc. was converted into one share of Class A common stock of the Company and (2) the transfer by RCG of substantially all of its assets and liabilities to Ramius in exchange for the Company's issuance to RCG of 37,536,826 shares of Class A common stock of the Company.

Prior to the consummation of the Transactions, the Company did not conduct any material activities other than those incidental to its formation and the matters contemplated by the Transaction Agreement. All financial statements and related financial information of the Company presented in this prospectus relate to the historical information of Ramius (the business of which was operated by RCG, the Company's accounting predecessor, prior to the consummation of the Transactions), unless the context indicates otherwise.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained elsewhere in this prospectus and our financial statements and the related notes appearing elsewhere in this prospectus before you decide to invest in our Class A common stock. This prospectus contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those discussed in "Risk Factors" and other sections of this prospectus.

Our Business

Cowen Group is a diversified financial services firm providing alternative investment management, investment banking, research, and sales and trading services through its business units, Ramius and Cowen and Company. Its alternative investment management products include hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services, offered primarily under the Ramius name. Cowen and Company offers industry focused investment banking services for growth-oriented companies, domain knowledge-driven research and a sales and trading platform for institutional investors.

Cowen Group, a Delaware corporation, is a new holding company, formed in connection with the business combination of Ramius and Cowen Holdings. On November 2, 2009, the Transactions were consummated in which RCG received approximately 66.56% of our Class A common stock in exchange for the Ramius business and former Cowen Holdings shareholders received approximately 28.63% of our Class A common stock in exchange for the Cowen Holdings business. Following the consummation of the Transactions, each of Ramius and Cowen Holdings became a wholly owned subsidiary of the Company.

Industry Overview

The financial market dislocation, which began in the fourth quarter of 2007 and accelerated into 2008, has created new opportunities for firms that are able to adapt to the changing landscape. In the past 24 months, many financial institutions in the United States either failed outright or were acquired by other financial institutions in distressed sales. Many of those that survived the dislocation found that their operating strategies had become greatly altered by the federal government, which became a major stakeholder in a number of financial institutions through various guarantee and support programs.

We believe the firms that have navigated this dislocation and are unencumbered by government obligations will have advantages going forward. Such firms should have opportunities to develop new client relationships and to build and improve their talent base and product offerings.

Competitive Strengths

We believe that the recent combination of Ramius's and Cowen and Company's businesses creates a firm with the breadth and depth to take advantage of the current market dislocation. The Company's global alternative investment management business (hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services) complements the Company's established financial services practice (investment banking, research and sales and trading) in the following ways:

Diversified Platform of Complementary Businesses. The combination of our alternative investment management and investment banking businesses adds significant diversity to our sources of revenue. We believe that revenue diversification provides us with greater financial stability through market cycles when compared to other firms with a narrower product, sector or regionally-focused business model.

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Top-Tier Management Team. We have a team of senior professionals led by seasoned executives with decades of experience building and managing financial services organizations and a track record of generating positive risk-adjusted returns. Additionally, the reputation of our senior management and their global network of relationships provides us with competitive advantages in identifying transactions and securing investment opportunities.

Strong Balance Sheet with a Long-Term, Proprietary Track Record of Outperformance. On a pro forma basis as of September 30, 2009, we had $408.6 million of total equity, a significant portion of which is invested or available for new investment opportunities. Since Ramius began investing its own capital on a proprietary basis in 1999, we generated a compounded annualized return on our invested capital through September 30, 2009 that significantly exceeds the S&P 500 return for the same period.

Team-Oriented Culture. Our senior management encourages collaboration and fosters a partnership culture in which highly-motivated team members can seek to build successful businesses together. We believe this enables us to identify and respond to new opportunities as they emerge and ultimately helps us to better identify, attract and retain talented, results-oriented people.

Alignment of Interests. One of our fundamental philosophies is to align the interests of our management and employees with those of our shareholders and investors. Employees, our executive officers and members of our board of directors own over 30% of our outstanding Class A common stock, including through their ownership of RCG. The equity held by certain Ramius principals through RCG is subject to transfer restrictions for at least 30 months from November 2, 2009. In addition, the Company's own capital is invested alongside our investors in many of our investment products.

Institutionalized Operational Processes and Infrastructure. We have developed highly institutionalized products, risk management, operational and information technology processes and controls. We believe that this infrastructure is scalable and important in attracting institutional investors, third-party distribution platforms and brokerage clients who demand portfolio transparency and deep insight into investment processes, as well as high quality research, execution and advisory services.

Opportunities for Growth

The business combination of Ramius and Cowen and Company brought together two like-minded, collaborative cultures. We believe the open exchange of ideas and the leveraging of relationships across both organizations will lead to greater revenue opportunities in our existing business lines. Moreover, our balance sheet should allow us to pursue opportunistic expansion either organically, through the hiring of talented individuals or teams, or through acquisitions, investments and strategic partnerships for both our alternative investment management and investment banking businesses.

Additional business line initiatives include:

Alternative Investment Management Business

Extend strong investment track record. Historically, our hedge fund and fund of funds platforms have sought to deliver consistent, risk-adjusted returns to our investors throughout market cycles. In these platforms, we seek positive performance with minimal correlation to directional market indices. As we seek to increase our assets under management, our focus remains to provide our clients with strong investment performance through our current strategies.

Grow assets under management by expanding our global distribution network. We are focused on developing a more significant global presence and intend to expand our client relationships and distribution capabilities in key regions of the world through new distribution channels and joint ventures. In addition, we are seeking to become a preferred alternative investment service provider to financial intermediaries who will distribute our alternative investment management products through their distribution platforms.

Expand investment products and strategies. We are an alternative investment solutions provider that focuses on evolving client needs. We have consistently developed and added new products and strategies to our business and will continue to selectively expand our products, strategies and service offerings through acquisition, strategic partnership or the addition of new investment talent.

Investment Banking Business

Enhance our investment banking relationships. We believe that the combination of Ramius's network of investors and partners and Cowen and Company's corporate and institutional relationships coupled with our capital markets capabilities should enable us to be retained for more and a wider variety of investment banking transactions.

Leverage our sales and trading distribution into broader firm relationships. The institutional knowledge and expertise of our sales and trading teams are highly valued by our clients. We will seek to leverage this knowledge and expertise into increased levels of dialogue with our clients to generate value added capital markets and portfolio management ideas that we can execute on their behalf.

Hire additional senior professionals and add new industry verticals. We anticipate adding financial professionals and coverage of new sectors on an opportunistic basis. We have recently hired individuals in two new industry verticals financial institutions and REITs that have the potential for strong transaction activity.

Our Alternative Investment Management Business

We operate our alternative investment management business primarily through Ramius LLC, our wholly owned subsidiary. Our alternative investment management business had approximately $7.9 billion of assets under management as of October 1, 2009, after giving pro forma effect to the consummation of the Transactions. The predecessor to this business was founded in 1994 and, through one of its subsidiaries, has been a registered investment adviser under the Investment Advisers Act since 1997. Our alternative investment management products and services include hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services. Our institutional investors include pension funds, insurance companies, banks, foundations and endowments, wealth management organizations and family offices.

Our Investment Banking Business

We operate our investment banking business primarily through Cowen and Company, LLC, our primary broker-dealer. Cowen and Company, LLC is an international investment bank dedicated to providing superior research, brokerage and investment banking services to companies and institutional investor clients primarily in the healthcare, technology, media and telecommunications, consumer, aerospace and defense, financial institutions, REITs and alternative energy sectors. We provide research and brokerage services to over 1,000 domestic and international clients seeking to trade equity and equity-linked securities, principally in our target sectors. We focus our investment banking efforts, principally equity and equity-linked capital raising and strategic advisory services, on growth-oriented public companies as well as private companies.

Risk Factors

Investing in our Class A common stock involves substantial risk. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set

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forth under "Risk Factors" in deciding whether to invest in our Class A common stock. Some of the most important risks are summarized below.

- Difficult market conditions, market disruptions and volatility have adversely affected and may in the future continue to adversely affect the Company's businesses, results of operations and financial condition.

- The Company is expected to incur substantial expenses related to the integration of Ramius and Cowen Holdings.

- The Company's alternative investment management and investment banking businesses have incurred losses in recent periods and may incur losses in the future.

- The Company depends on its key senior personnel and the loss of their services would have a material adverse effect on the Company's businesses and results of operations, financial condition and prospects.

- The Company's ability to retain its senior professionals is critical to the success of its businesses, and its failure to do so may materially affect the Company's reputation, business and results of operations.

- Limitations on the Company's access to capital could impair its liquidity and its ability to conduct its businesses.

- Ramius and its funds and/or Cowen and Company may become subject to additional regulations which could increase the costs and burdens of compliance or impose additional restrictions which could have a material adverse effect on the Company's businesses and the performance of the funds in its alternative investment management business.

- As a result of RCG's majority ownership interest in Company, RCG controls matters requiring stockholder approval, and its ownership could affect the liquidity in the market for our Class A common stock.

- The Company is a "controlled company" within the meaning of the NASDAQ rules and, as a result, will qualify for, and rely on, exemptions from certain corporate governance standards, which may limit the presence of independent directors on the board of directors or board committees of the Company.

- Investors in the Ramius funds and investors with managed accounts can generally redeem investments with prior notice. The rate of redemptions has recently accelerated and could continue to further accelerate. Redemptions have, and may continue to, create difficulties in managing the liquidity of the Ramius funds and managed accounts, reduce assets under management and adversely affect the Company's revenues.

- Certain of the Company's alternative investment management products may invest in relatively high-risk, illiquid assets, and Ramius may fail to realize any profits from these activities for a considerable period of time or lose some or all of the principal amounts of these investments.

- The ability of RCG and, subject to limitations, HVB Alternative Advisors LLC (which we refer to as HVB) and some of the Company's employees to sell Class A common stock could cause the stock price to decrease.

Recent Developments

Consummation of the Transactions

On November 2, 2009, the Transactions were consummated including (1) the conversion of each outstanding share of Cowen Holdings's common stock of into one share of our Class A common stock

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and (2) RCG's transfer of substantially all of its assets and liabilities to Ramius, our wholly owned subsidiary, in exchange for 37,536,826 shares of our Class A common stock.

Fund of Funds Asset Exchange

On November 2, 2009, concurrently with the consummation of the Transactions, Cowen Holdings purchased from HVB the 50% interest in the Ramius fund of funds business, which is known as Ramius Alternative Solutions LLC (which we refer to as Ramius Alternative Solutions) that HVB owned in exchange for (1) the Company's issuance to HVB of 2,713,882 shares of our Class A common stock and (2) approximately $10.4 million in cash. This exchange resulted in Ramius Alternative Solutions becoming an indirect wholly-owned subsidiary of the Company.

The diagram below shows the structure of the Company following completion of the Transactions:

(1) Members of our senior management control the managing member of RCG. RCG members also include BA Alpine Holdings, Inc., an affiliate of HVB.

(2) Of the 37,536,826 shares of our Class A common stock held by RCG, (i) 8,518,685 shares are attributable to BA Alpine Holdings, Inc. and (ii) 9,527,596 are attributable to our directors and executive officers.

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Credit Facility

On November 2, 2009, the Company entered into a Secured Revolving Credit Agreement (which we refer to as the HVB Credit Facility) with Bayerische Hypo- und Vereinsbank AG, which we refer to as HVB AG, as Administrative Agent, and another lender. The credit agreement provides for a secured revolving loan facility of up to $50 million (which automatically reduces to $25 million on January 4, 2010), with a maturity date of September 29, 2011.

Principal Executive Offices

Our principal executive offices are located at 599 Lexington Avenue, New York, New York 10022, and our telephone number is (212) 845-7900. Our website address is *http://www.cowen.com/*. Our website and the information contained on, or that can be accessed through, the website are not part of this prospectus.

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THE OFFERING

Class A common stock offered by us	15,000,000 shares
Over-allotment option granted by us to the underwriters	2,250,000 shares
Common stock to be outstanding after this offering	71,397,411 shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $ million, after deducting the underwriting discounts and other estimated offering expenses payable by us. We anticipate that we will use approximately $25 million of the net proceeds received by us from this offering to repay indebtedness and the remainder for working capital and general corporate purposes. See "Use of Proceeds."
Listing	Our Class A common stock is currently listed on the NASDAQ Global Market under the symbol "COWND," and as of December 1, 2009 will be listed on the NASDAQ Global Market under the symbol "COWN."
Dividend Policy	We have never declared or paid any cash dividends on the Class A common stock and have no intent to do so for the foreseeable future. Any payment of cash dividends on Class A common stock in the future will be at the discretion of our board of directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, applicable law, contractual restrictions and other factors deemed relevant by our board of directors. See "Dividend Policy."

References in this prospectus to the number of shares of our Class A common stock to be outstanding after this offering are based on 56,397,411 shares of Class A common stock outstanding on November 23, 2009 and exclude:

- 892,782 shares of Class A common stock issuable upon exercise of options outstanding as of November 23, 2009, at a weighted average exercise price of $15.06 per share; and

- 4,173,568 shares of Class A common stock reserved for future grants under our stock option and incentive plans as of November 23, 2009.

Except as otherwise noted, all information in this prospectus:

- assumes a public offering price of $ per share, which was the last reportable share price on , 2009; and

- assumes no exercise of the underwriters' over-allotment option.

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SUMMARY HISTORICAL AND PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following summarizes our historical and pro forma consolidated financial information. We derived the historical financial information from our accounting predecessor's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 and the unaudited consolidated financial statements for the nine months ended September 30, 2009 and 2008 included elsewhere in this prospectus. The unaudited pro forma consolidated statement of operations data and pro forma consolidated statements of financial condition data give effect to the Transactions as if they were completed on January 1, 2008 and include all adjustments which give effect to the events that are directly attributable to the Transactions, as long as the impact of such events are expected to continue and are factually supportable.

This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings," "Unaudited Pro Forma Condensed Combined Financial Statements," "Unaudited Selected Pro Forma Condensed Combined Financial Information," and the financial statements and related notes of RCG and Cowen Holdings appearing elsewhere in this prospectus.

	Pro Forma						
	Nine Months Ended September 30, 2009	Year Ended December 31, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
			(in thousands)				
Consolidated Statements of Operations Data:							
Revenues							
Management fees	$ 38,125	$ 83,391	$ 31,408	$ 56,443	$ 70,818	$ 73,950	$ 65,635
Incentive income	177		177			60,491	81,319
Interest and dividends	592	5,355	225	1,443	1,993	16,356	17,189
Reimbursement from affiliates	7,832	16,330	7,832	11,675	16,330	7,086	4,070
Investment banking	28,917	50,937					
Brokerage	103,773	149,901					
Other Revenues	4,173	7,404	2,265	4,737	6,853	5,086	8,038
Consolidated Ramius Funds and certain real estate entities revenues	12,312	31,739	12,312	26,165	31,739	25,253	35,897
Total revenues	195,901	345,057	54,219	100,463	127,733	188,222	212,148
Expenses							
Employee compensation and benefits	158,474	228,910	50,869	67,703	84,769	123,511	112,433
Non-compensation expense (excluding goodwill impairment)	103,760	152,640	38,070	37,929	54,856	79,020	54,277
Goodwill impairment		10,200			10,200		
Consolidated Ramius Funds and certain real estate entities expenses	11,831	34,268	11,831	27,040	34,268	21,014	39,300
Total expenses	274,065	426,018	100,770	132,672	184,093	223,545	206,010
Other income (loss)							
Net gain (loss) on securities, derivatives and other investments	(2,702)	(2,006)	(2,702)	800	(2,006)	94,078	54,765
Gain on exchange memberships		751					
Consolidated Ramius Funds and certain real estate entities net gains (losses)	25,268	(198,485)	25,268	(85,523)	(198,485)	84,846	78,656
Total other income (loss)	22,566	(199,740)	22,566	(84,723)	(200,491)	178,924	133,421
Income (loss) before income taxes	(55,598)	(280,701)	(23,985)	(116,932)	(256,851)	143,601	139,559
Income tax provision (benefit)	(5,413)	10,486	(5,978)	738	(1,301)	1,397	4,814
Net income (loss)	(50,185)	(291,187)	(18,007)	(117,670)	(255,550)	142,204	134,745
Net Income (loss) attributable to non-controlling interests	13,247	(108,537)	13,888	(52,176)	(113,786)	66,343	74,189

Special allocation to the Managing Member						26,551	21,195
Net income (loss) available to all Redeemable Members	**$ (63,432)**	**$ (182,650)**	**$ (31,895)**	**$ (65,494)**	**(141,764)**	**49,310**	**39,361**

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SUMMARY HISTORICAL AND PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

	As of September 30,	As of December 31,		
	2009	2008	2007	2006
	(in thousands)			
Consolidated Statements of Financial Condition Data:				
Total assets	$ 681,895	$ 797,831	$ 2,113,532	$ 2,468,195
Total liabilities	113,025	182,003	1,430,029	1,657,992
Redeemable non-controlling interests in consolidated subsidiaries	267,242	284,936	203,523	514,761
Total redeemable members' capital	**$ 301,628**	**$ 330,892**	**$ 479,980**	**$ 295,442**

	Pro Forma As of September 30, 2009
Consolidated Statements of Financial Condition Data:	
Total assets	$ 869,977
Total liabilities	207,996
Total redeemable group equity	253,359
Total equity	**$ 408,622**

CONFLICTS OF INTEREST

Cowen and Company, LLC, a wholly owned subsidiary of Cowen Group, is a member of the Financial Industry Regulatory Authority, Inc. (formerly known as the National Association of Security Dealers, Inc., or the NASD), or FINRA, and will participate in the distribution of the shares of our Class A common stock. We control Cowen and Company and this relationship is defined as a "conflict of interest" under Conduct Rule 2720 of the NASD. Because of this relationship, the offering will be conducted in accordance with NASD Rule 2720. This rule requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of "due diligence" in respect to, the registration statement and this prospectus. Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended (or the "Securities Act"), specifically including those inherent in Section 11 of the Securities Act. We have agreed to indemnify Merrill Lynch, Pierce, Fenner & Smith Incorporated against liabilities in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

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RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the following information, together with the other information in this prospectus, prior to making a decision to purchase shares of our Class A common stock. This prospectus contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed herein. If any of the following risks occur or if any additional risks and uncertainties not presently known to us or not currently believed to be material occur, our business, results of operations, financial condition or prospects could be materially adversely affected.

Risks Related to the Company's Businesses and Industry

For purposes of the following risk factors, references made to Ramius's funds include hedge funds and other alternative investment management products offered by the Company and funds in the Ramius fund of funds business and real estate funds.

The Company

Difficult market conditions, market disruptions and volatility have adversely affected and may in the future continue to adversely affect the Company's businesses, results of operations and financial condition.

The Company's businesses, by their nature, do not produce predictable earnings, and all of the Company's businesses may be materially affected by conditions in the global financial markets and by global economic conditions, such as interest rates, the availability of credit, inflation rates, economic uncertainty, changes in laws, commodity prices, asset prices (including real estate), currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). Recently, global credit and other financial markets have suffered and continue to suffer substantial stress, volatility, illiquidity and disruption. Market turbulence reached unprecedented levels during the third and fourth quarters of 2008, as loss of investor confidence in the financial system resulted in an historically unprecedented lack of liquidity, decline in asset values (including real estate assets), and the bankruptcy or acquisition of, or government assistance to, several major domestic and international financial institutions. These factors, combined with volatile commodity prices and foreign exchange rates, have contributed to recessionary economic conditions globally and a deterioration in consumer and corporate confidence and could further exacerbate the overall market disruptions and risks to market participants, including the Ramius funds and managed accounts. These market conditions may affect the level and volatility of securities prices and the liquidity and the value of investments in the Ramius funds (including Ramius Enterprise L.P. (which we refer to as Enterprise) in which the Company has an investment of approximately $276 million of its own capital as of September 30, 2009) and managed accounts, and the Company may not be able to effectively manage its alternative investment management business's exposure to these market conditions. Losses in Enterprise could adversely affect our results of operations.

In addition, industry-wide declines in the size and number of underwritings and mergers and acquisitions have had an adverse effect on revenues of Cowen and Company due to the decrease in equity underwritings and the decline in both announced and completed mergers and acquisitions. Continued weakness in equity markets and diminished trading volume of securities could further adversely impact Cowen and Company's brokerage business, from which Cowen Holdings historically generated a significant portion of its revenues. In addition, reductions in the trading prices for equity securities also tend to reduce the dollar value of investment banking transactions, such as underwriting and merger and acquisition transactions, which in turn would likely reduce the fees that Cowen and Company earns from these transactions. As the Company may be unable to reduce expenses correspondingly, its profits and profit margins of its investment banking business may decline. During 2008, the adverse market conditions impacted Cowen and Company's investment banking business, and

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there can be no assurance that these conditions will improve in the near term. Until they do, the Company expects its results of operations to be negatively impacted.

The Company is expected to incur substantial expenses related to the integration of Ramius and Cowen Holdings.

The Company expects to continue to incur substantial expenses in connection with the integration of the business, policies, procedures, operations, technologies and systems of Ramius and Cowen Holdings. There are a large number of functions that must be integrated, including but not limited to information technology, finance, human resources, audit, corporate communications, risk management and legal and compliance. Furthermore, the Company expects to move its employees in New York to a single office location, which will likely result in the Company incurring additional costs for rent and capital expenditures. While the Company has calculated an estimate of expenses, there are a number of factors beyond the Company's control that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. These expenses could, particularly in the near term, exceed the savings that the Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale, cost savings and revenue synergies related to the integration of the businesses as a result of the Transactions.

Although the Company expects that the combination of the businesses of Ramius and Cowen and Company will result in benefits to the Company, the Company may not realize those benefits because of integration difficulties and other challenges.

The success of the combination of the businesses of Ramius and Cowen and Company will depend in large part on the success of the management of the Company in integrating the operations, strategies, technologies and personnel of the two predecessor companies. The Company may fail to realize some or all of the anticipated benefits of the Transactions if the integration process takes longer or is more costly than expected. The failure of the Company to meet the challenges involved in successfully integrating the operations of Ramius and Cowen and Company or to otherwise realize any of the anticipated benefits of the Transactions, including additional revenue opportunities, could impair the operations of the Company. In addition, the Company anticipates that the overall integration of the companies will be a complex, time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt the business of Ramius and Cowen and Company.

Potential difficulties the Company may encounter in the integration process include the following:

- the integration of each company's management teams, strategies, technologies and operations, products and services;
- the disruption of each company's ongoing businesses and distraction of their respective management teams from ongoing business concerns;
- the retention of the existing clients of both companies;
- the creation of uniform standards, controls, procedures, policies and information systems;
- the reduction of the costs associated with each company's operations;
- the consolidation and rationalization of information technology platforms and administrative infrastructures;
- the integration of corporate cultures and maintenance of employee morale;
- the retention of key employees;

the occurrence of unanticipated expenses related to technology integration; and

potential unknown liabilities associated with the Transactions.

The anticipated benefits and synergies include the combination of offices in various locations and the elimination of numerous technology systems, duplicative personnel and duplicative market and other data sources. However, these anticipated benefits and synergies assume a successful integration and are based on projections and other assumptions, which are inherently uncertain. Furthermore, the combination of the Company's offices in New York will likely result in the Company initially incurring additional costs for rent and capital expenditures.

Ramius and Cowen and Company operate in different business segments. Ramius's business is alternative investment management. Ramius's investment products and services include hedge funds, fund of funds, real estate funds, healthcare royalty funds and cash management services. Cowen and Company has a financial services practice, including investment banking, equity research, sales and trading and alternative investment management services. Although the management of the Company includes executives from both Ramius and Cowen and Company, the Company cannot guarantee that it will integrate and operate the business lines of Ramius and Cowen and Company to achieve the cost savings and other benefits that are anticipated to result from the Transactions. Even if integration is successful, anticipated benefits and synergies may not be achieved.

The Company's alternative investment management and investment banking businesses have incurred losses in recent periods and may incur losses in the future.

The Company's alternative investment management and investment banking businesses have incurred losses in several recent periods and also recorded net losses in certain quarters within other fiscal years. The Company may incur losses in any of its future periods. Future losses may have a significant effect on the Company's liquidity as well as our ability to operate.

In addition, we may incur significant expenses in connection with any expansion, strategic acquisition or investment with respect to our businesses. Accordingly, the Company will need to increase its revenues at a rate greater than its expenses to achieve and maintain profitability. If the Company's revenues do not increase sufficiently, or even if its revenues increase but it is unable to manage its expenses, the Company will not achieve and maintain profitability in future periods. As an alternative to increasing its revenues, the Company may seek additional capital the sale of additional common stock or through other forms of financing. Particularly in light of current market conditions, the Company cannot be certain that it would have access to such financing on acceptable terms.

The Company depends on its key senior personnel and the loss of their services would have a material adverse effect on the Company's businesses and results of operations, financial condition and prospects.

The Company depends on the efforts, skill, reputations and business contacts of its principals, Peter A. Cohen, David M. Malcolm, Jeffrey M. Solomon, Morgan B. Stark and Thomas W. Strauss and other key senior personnel, the information and investment activity these individuals generate during the normal course of their activities and the synergies among the diverse fields of expertise and knowledge held by the Company's senior professionals. Accordingly, the Company's continued success will depend on the continued service of these individuals. Key senior personnel may leave the Company in the future, and we cannot predict the impact that the departure of any key senior personnel will have on our ability to achieve our investment and business objectives. The loss of the services of any of them could have a material adverse effect on the Company's revenues, net income and cash flows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future. Ramius historically relied in part on the interests of certain of these professionals in a special allocation to Ramius's managing member to discourage them from leaving Ramius's employ. However, in connection with the Transactions, the special allocation was terminated and will no longer act as incentive for them to continue to be employed at the Company. Our senior and other key personnel possess substantial experience and expertise and have strong business relationships with investors in its funds, clients and other members of the business community. As a result, the loss of these personnel could have a material adverse effect on the Company's businesses and results of operations, financial condition and prospects.

The Company's ability to retain its senior professionals is critical to the success of its businesses, and its failure to do so may materially affect the Company's reputation, business and results of operations.

Our people are our most valuable resource. Our success depends upon the reputation, judgment, business generation capabilities and project execution skills of our senior professionals. The Company's employees' reputations and relationships with our clients are critical elements in obtaining and executing client engagements. Ramius and Cowen and Company encounter intense competition for qualified employees from other companies inside and outside of their industries. From time to time, Ramius and Cowen and Company have experienced departures of professionals. Losses of key personnel have occurred and may occur in the future. In addition, if any of our client-facing employees or executive officers were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of the services of Ramius and Cowen and Company. The consummation of the Transactions caused all unvested RCG equity and Cowen Holdings equity held by our employees prior to the Transactions to vest. There is no guarantee that the compensation arrangements and share lock-up agreements we may have entered into with our senior professionals are sufficiently broad or effective to prevent them from resigning to join our competitors.

The success of our businesses is based largely on the quality of our employees and we must continually monitor the market for their services and seek to offer competitive compensation. In challenging market conditions, such as have occurred over the past two years, it may be difficult to pay competitive compensation without the ratio of our compensation and benefits expense to revenues becoming higher.

Volatility in the value of the Company's investments and securities portfolios or other assets and liabilities could adversely affect the financial condition or operations of the Company.

The Company is subject to the provisions of Accounting Standards Codification (ASC) Topic 820 (which we refer to as ASC 820) which RCG, as the accounting predecessor of the Company, adopted on January 1, 2008. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and a valuation hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Changes in fair value are reflected in the statement of operations at each measurement period. Therefore, continued volatility in the value of the Company's investments and securities portfolios or other assets and liabilities, including funds, will result in volatility of the Company's results. As a result, the changes in value may have an adverse effect on the Company's financial condition or operations in the future.

Limitations on the access to capital by the Company and its subsidiaries could impair its liquidity and its ability to conduct its businesses.

Liquidity, or ready access to funds, is essential to financial services firms. Failures of financial institutions have often been attributable in large part to insufficient liquidity. Liquidity is of particular importance to Cowen and Company's trading business and perceived liquidity issues may affect the Company's investment banking clients' and counterparties' willingness to engage in brokerage transactions with Cowen and Company. Cowen and Company's liquidity could be impaired due to circumstances that the Company may be unable to control, such as a general market disruption or an operational problem that affects Cowen and Company's trading clients, third parties or Cowen and

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Company. Further, Cowen and Company's ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time.

The Company is a holding company and primarily depends on dividends from its subsidiaries to funds its operations. Cowen and Company is subject to the net capital requirements of the SEC and various self-regulatory organizations of which it is a member. These requirements typically specify the minimum level of net capital a broker-dealer must maintain and also mandate that a significant part of its assets be kept in relatively liquid form. CIL, the Company's U.K. registered broker-dealer subsidiary is subject to the capital requirements of the FSA. Cowen Latitude Advisors Limited (which we refer to as CLAL) is subject to the financial resources requirements of the SFC of Hong Kong. Any failure to comply with these capital requirements could impair the Company's ability to conduct its investment banking business.

Ramius and its funds and/or Cowen and Company may become subject to additional regulations which could increase the costs and burdens of compliance or impose additional restrictions which could have a material adverse effect on the Company's businesses and the performance of the funds in its alternative investment management business.

Firms in the financial services industry have been subject to an increasingly regulated environment. The industry has experienced increased scrutiny from a variety of regulators, including the United States Securities and Exchange Commission (which we refer to as the SEC), the Financial Industry Regulatory Authority (which we refer to as FINRA), the New York Stock Exchange (which we refer to as NYSE), and state attorneys general. Penalties and fines sought by regulatory authorities have increased substantially over the last several years. In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. The Company may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. The Company also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other United States or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. Among other things, the Company could be fined, prohibited from engaging in some of its business activities or subjected to limitations or conditions on its business activities. In addition, the Company could incur significant expense associated with compliance with any such legislation or regulations or the regulatory and enforcement environment generally. Substantial legal liability or significant regulatory action against the Company could have material adverse financial effects or cause significant reputational harm to the Company, which could seriously affect its business prospects.

The Company may need to modify the strategies or operations of its alternative investment management business, face increased constraints or incur additional costs in order to satisfy new regulatory requirements or to compete in a changed business environment. The Company's alternative investment management business is subject to regulation by various regulatory authorities that are charged with protecting the interests of investors. The activities of certain of the Company's subsidiaries are regulated primarily by the SEC, FINRA, and the National Futures Association, as well as various state agencies, within the United States and are also subject to regulation in the various other jurisdictions in which they operate, including the Financial Services Authority of the United Kingdom, the Financial Services Agency of Japan, the Securities and Futures Commission of Hong Kong, the German Federal Financial Supervisory Authority and the Commission of the Surveillance of the Financial Sector in Luxembourg. The activities of Ramius LLC, Ramius Securities LLC, Ramius Advisors, LLC, Ramius Asia, LLC, Ramius Alternative Solutions, Ramius Structured Credit Group LLC and RCG Starboard Advisors, LLC are all regulated by the SEC due to their registrations as U.S. investment advisers. In addition, the funds in the Company's alternative investment management business are subject to regulation in the jurisdictions in which they are organized. These and other regulators in these jurisdictions have broad regulatory powers dealing with all aspects of financial services including, among other things, the authority to make inquiries of companies regarding compliance with applicable regulations, to grant permits and to regulate marketing and sales practices and the maintenance of adequate financial resources. The Company is also subject to applicable anti-money laundering regulations and net capital requirements in the jurisdictions in which it operates. Additionally, the regulatory environment in which the Company operates frequently changes and has seen significant increased regulation in recent years and it is possible that this trend may continue. The Company may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. Such additional regulation could, among other things, increase compliance costs or limit our ability to pursue investment opportunities and strategies.

The regulatory environment continues to be turbulent as regulators globally respond to the recent financial crisis. There is an extraordinary volume of regulatory discussion papers, draft directives and proposals being issued globally and these initiatives are not always coordinated. The European Commission has issued a draft Directive on Alternative Investment Fund Managers, recommendations on directors' pay and pay for the financial services sector and proposals on packaged retail investment products. In addition, the Financial Services Authority of the United Kingdom has issued a discussion paper entitled "A Regulatory Response to the Global Banking Crisis" as well as undertaken an exercise to collect data to assess the systemic risk that hedge funds may or may not pose. The Bank of England is also collecting data on the systemic risk of hedge funds. Recent rulemaking by the SEC and other regulatory authorities outside the United States have imposed trading restrictions and reporting requirements on short selling, which have impacted certain of the investment strategies of the Company's investment funds and managed accounts, and continued restrictions on or further regulations of short sales could negatively impact the performance of the investment funds and managed accounts.

In addition, financial services firms are subject to numerous perceived or actual conflicts of interest, which have drawn scrutiny from the SEC and other federal and state regulators. For example, the research areas of investment banks have been and remain the subject of heightened regulatory scrutiny, which has led to increased restrictions on the interaction between equity research analysts and investment banking personnel at securities firms. While the Company maintains various policies, controls and procedures to address or limit actual or perceived conflicts and regularly seeks to review and update such policies, controls and procedures, appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if it fails to do so. Such policies and procedures to address or limit actual or perceived conflicts may also result in increased costs, additional operational personnel and increased regulatory risk. Failure to adhere to these policies and procedures may result in regulatory sanctions or client litigation.

Cowen and Company, Ramius and the Company are subject to third party litigation risk and regulatory risk which could result in significant liabilities and reputational harm which, in turn, could materially adversely affect their business, results of operations and financial condition.

As an investment banking firm, Cowen and Company depends to a large extent on its reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with Cowen and Company's services, it may be more damaging in its business than in other businesses. Moreover, Cowen and Company's role as advisor to clients on important underwriting or merger and acquisition transactions involves complex analysis and the exercise of professional judgment, including rendering "fairness opinions" in connection with mergers and other transactions. Such activities may subject the Company to the risk of significant legal liabilities to clients and aggrieved third parties, including stockholders of clients who could commence litigation against Cowen and Company and/or the Company. Although Cowen and Company's investment banking engagements typically include broad indemnities from its clients and provisions to limit exposure to legal claims relating to such services, these provisions may not protect the Company or may not be enforceable in all cases. As a result, the Company may incur significant legal and other expenses in defending against litigation and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against the Company could have a material adverse effect on our results of operations or cause significant reputational harm, which could seriously harm our business and prospects.

In connection with Cowen Holdings' initial public offering in July 2006 (which we refer to as the Cowen Holdings' IPO), Cowen Holdings entered into an Indemnification Agreement with Société Générale, wherein, among other things, Société Générale agreed to indemnify Cowen Holdings for all liability arising out of all known, pending or threatened litigation (including the cost of such litigation) and arbitrations and certain known regulatory matters, in each case, that existed prior to the date of Cowen Holdings' IPO. Société Générale, however, will not indemnify Cowen Holdings, and Cowen Holdings will instead indemnify Société Générale, for most litigation, arbitration and regulatory matters that may occur in the future but were unknown at the time of Cowen Holdings' IPO and certain known regulatory matters.

In general, the Company is exposed to risk of litigation by investors in its alternative investment management business if the management of any of its funds is alleged to constitute negligence or dishonesty. Investors could sue to recover amounts lost by the Company's funds due to any alleged misconduct, up to the entire amount of the loss. We may also be exposed to litigation by investors in the Ramius fund of funds platform for losses resulting from similar conduct at an underlying fund. Furthermore, the Company may be subject to litigation arising from investor dissatisfaction with the performance of the Ramius funds and the funds invested in by the Ramius fund of funds platform. In addition, the Company is exposed to risks of litigation or investigation relating to transactions which presented conflicts of interest that were not properly addressed. In the majority of such actions the Company would be obligated to bear legal, settlement and other costs, which may be in excess of any available insurance coverage. In addition, although the Company is indemnified by the Ramius funds, our rights to indemnification may be challenged. If the Company is required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds, if any, or fails to obtain indemnification from its funds, our business, results of operations and financial condition could be materially adversely affected. In its alternative investment management business, the Company is exposed to the risk of litigation if a fund suffer catastrophic losses due to the failure of a particular investment strategy or due to the trading activity of an employee who has violated market rules or regulations. Any litigation arising in such circumstances is likely to be protracted, expensive and surrounded by circumstances which are materially damaging to Ramius's and the Company's reputations and businesses. In addition, the Company faces the risk of litigation from investors in the Ramius funds if restrictions applicable to such funds are violated.

As a result of the Transactions, there exists the potential for conflicts of interest, and a failure to appropriately identify and deal with conflicts of interest could adversely affect our businesses.

With the combination of our alternative investment management and investment banking businesses, we will likely face an increasing potential for conflicts of interest, including situations where our services to a particular client, investor or our own interests in our investments conflict with the interests of another client. Such conflicts may also arise if our investment banking business has access to material non-public information that may not be shared with our alternative investment management business or vice versa. Additionally, our regulators have the ability to scrutinize our activities for potential conflicts of interest, including through detailed examinations of specific transactions.

We have developed and implemented procedures and controls that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information among our businesses. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and the willingness of clients to enter into transactions or engagements in which such a conflict might arise may be affected if we fail to identify and deal appropriately with potential conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or enforcement actions.

Employee misconduct could harm Ramius, Cowen and Company and the Company by, among other things, impairing the Company's ability to attract and retain investors and subjecting the Company to significant legal liability, reputational harm and the loss of revenue from its own invested capital.

It is not always possible to detect and deter employee misconduct. The precautions that the Company takes to detect and prevent this activity may not be effective in all cases, and we may suffer significant reputational harm and financial loss for any misconduct by our employees. The potential harm to the Company's reputation and to our business caused by such misconduct is impossible to quantify.

There is a risk that the Company's employees or partners, or the managers of funds invested in by the Ramius fund of funds platform, could engage in misconduct that materially adversely affects the Company's business, including a decrease in returns on its own invested capital. The Company is subject to a number of obligations and standards arising from its alternative investment management business. The violation of these obligations and standards by any of the Company's employees could materially adversely affect the Company and its investors. For instance, the Company's businesses require that the Company properly deal with confidential information. If the Company's employees were improperly to use or disclose confidential information, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to detect or deter misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If one of the Company's employees were to engage in misconduct or were to be accused of such misconduct, the business and reputation of the Company could be materially adversely affected.

Required reductions in the available credit under the Company's secured revolving loan facility may limit our ability to maintain sufficient liquidity and any additional financing that we may need may not be available on favorable terms, or at all.

Under the terms of the Company's secured revolving loan facility the amount of capital available is to be reduced to $25 million from $50 million on January 4, 2010, requiring us to reduce the outstanding balance to $25 million as of or prior to such date. The total amount outstanding as of the date hereof was approximately $43.0 million plus an outstanding letter of credit of approximately $7 million. As discussed under "Use of Proceeds", we intend to use a portion of the net proceeds of the offering to repay amounts outstanding under the secured revolving loan facility so that the remaining balance plus outstanding letters of credit will not exceed $25 million. Such reduction in our available liquidity could have a material adverse impact on our future financial position and results of operations and we may be required to obtain additional financing from other sources. There can be no assurance that we can find such financing in the amounts required or that the terms, covenants and the cost of such financing will be as favorable as those which were available under our existing secured revolving loan facility. If we are unable to obtain additional capital, we may have to change our business and capital expenditure plans, which would have a materially adverse effect on our future results of operations.

The Company may be unable to successfully identify, manage and assimilate future acquisitions, investments and strategic alliances, which could adversely affect our results of operations.

We intend to continually evaluate potential acquisitions, investments and strategic opportunities to expand our alternative investment management and investment banking businesses. In the future, we may seek additional acquisitions, investments, strategic alliances or similar arrangements, which may expose us to risks such as:

- the difficulty of identifying appropriate acquisitions, investments, strategic allies or opportunities on terms acceptable to us;
- the possibility that senior management may be required to spend considerable time negotiating agreements and monitoring these arrangements;
- potential regulatory issues applicable to the financial services business;
- the loss or reduction in value of the capital investment;
- our inability to capitalize on the opportunities presented by these arrangements; and
- the possibility of insolvency of a strategic ally.

Furthermore, any future acquisitions of businesses could entail a number of risks, including:

- problems with the effective integration of operations;
- inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

There can be no assurance that we would successfully overcome these risks or any other problems encountered with these acquisitions, investments, strategic alliances or similar arrangements.

As a result of RCG's majority ownership interest in the Company, RCG controls matters requiring stockholder approval and its ownership could affect the liquidity in the market for our Class A common stock.

RCG's majority ownership stake in the Company gives it control over matters requiring approval by the Company's stockholders, including the election of directors and approval of significant corporate transactions. Furthermore, RCG's managing member is controlled by certain members of our senior management, including Peter A. Cohen, our Chairman and Chief Executive Officer. Corporate action may be taken even if other stockholders, including those who purchase shares in this offering, oppose such action. RCG's concentration of ownership and ability to determine the composition of the Company's board of directors may discourage a third party from proposing a change of control or other strategic transaction concerning the Company or otherwise have the effect of delaying or preventing a change of control of the Company that other stockholders may view as beneficial. As a result, the Company's Class A common stock could trade at prices that do not reflect a "control premium" to the same extent as do the stocks of similarly situated companies that do not have any single stockholder with an ownership interest as large as RCG's ownership interest.

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The Company is a "controlled company" within the meaning of the NASDAQ rules and, as a result, will qualify for, and rely on, exemptions from certain corporate governance standards, which may limit the presence of independent directors on the board of directors or board committees of the Company.

RCG beneficially owns shares of the Company's capital stock which represent approximately 66% of the outstanding voting power of the Company's capital stock. Accordingly, the Company is a majority-owned subsidiary of RCG and RCG has the ability to elect the Company's board of directors and thereby control the management and affairs of the Company. Therefore, the Company is deemed to be a "controlled company" for purposes of NASDAQ Rule 5615(c)(2). Under this rule, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company" and is exempt from certain corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended for selection by a majority of the independent directors or by a nominating committee composed solely of independent directors. Accordingly, the Company's stockholders may not have the same protections afforded to stockholders of other companies that are required to fully comply with the NASDAQ rules. Solely for the purpose of including the director designated by BA Alpine Holdings, Inc. as a member of each of the compensation committee and the nominating and governance committee, the Company has elected to be treated as a "controlled company" for purposes of NASDAQ Rule 5615(c)(2). Even though the Company is treated as a "controlled company," a majority of the Company's board of directors consists of independent directors and each member of each of the compensation committee and the nominating and governance committee other than the director designated by BA Alpine Holdings, Inc. is independent.

The market price of the Company's Class A common stock may decline in the future as a result of the Transactions.

The market price of the Company's Class A common stock may decline in the future as a result of the Transactions for a number of reasons, including:

- the unsuccessful integration of Ramius and Cowen and Company; or
- the failure of the Company to achieve the perceived benefits of the Transactions, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts.

The unaudited pro forma financial data for the Company included in this prospectus are preliminary, and the Company's actual financial position and operations may differ materially from the unaudited pro forma financial data included in this document.

The unaudited pro forma financial data for the Company in this prospectus are presented for illustrative purposes only and are not necessarily indicative of what the Company's actual financial position or operations would have been had the Transactions been completed on the dates indicated.

The Company's future results will suffer if the Company does not effectively manage its expanded operations following the Transactions.

The Company may continue to expand its operations through new product and service offerings and through additional strategic investments, acquisitions or joint ventures, some of which may involve complex technical and operational challenges. The Company's future success depends, in part, upon its ability to manage its expansion opportunities, which pose numerous risks and uncertainties, including the need to integrate new operations into its existing business in an efficient and timely manner, to combine accounting and data processing systems and management controls and to integrate

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relationships with customers and business partners. In addition, future acquisitions or joint ventures may involve the issuance of additional shares of common stock of the Company, which may dilute the ownership of the Company's stockholders.

In 2008, Cowen Holdings expanded its investment banking business in China with the acquisition of Cowen Latitude Capital Group. The continued expansion of the Company's investment banking business in China may require significant resources and/or may result in significant unanticipated losses, costs or liabilities. In addition, geographic and other expansion, acquisitions or joint ventures may require significant managerial attention, which may be diverted from other operations. These capital, equity and managerial commitments may impair the operation of the Company's businesses.

BA Alpine Holdings, Inc., its designee on the Company's board of directors and RCG may have interests that conflict with your interests.

BA Alpine Holdings, Inc., its designee on the Company's board of directors and RCG may have interests that conflict with, or are different from, the Company's and your own. Conflicts of interest between BA Alpine Holdings, Inc. and/or RCG and the Company may arise, and such conflicts of interest may not be resolved in a manner favorable to the Company, including potential competitive business activities (in the case of BA Alpine Holdings, Inc.), corporate opportunities, indemnity arrangements, registration rights and sales or distributions by RCG, BA Alpine Holdings, Inc. or their respective affiliates of Class A common stock. The Company's amended and restated certificate of incorporation and by-laws do not contain any provisions designed to facilitate resolution of actual or potential conflicts of interest, or to ensure that potential business opportunities that may become available to BA Alpine Holdings, Inc. and the Company will be reserved for or made available to the Company. Pertinent provisions of law will govern any such matters if they arise. In addition, RCG, as the holder of the majority of the Company's issued and outstanding shares of Class A common stock, could delay or prevent an acquisition or merger even if such a transaction would benefit other stockholders.

The Company's failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on the Company's financial condition, results of operations, business and price of our Class A common stock.

The Sarbanes-Oxley Act and the related rules require our management to conduct annual assessment of the effectiveness of our internal control over financial reporting and require a report by our independent registered public accounting firm addressing our internal control over financial reporting. To comply with Section 404 of the Sarbanes-Oxley Act, we have documented formal policies, processes and practices related to financial reporting that are necessary to comply with Section 404. Such policies, processes and practices are important to ensure the identification of key financial reporting risks, assessment of their potential impact and linkage of those risks to specific areas and activities within our organization.

If we fail for any reason to comply with the requirements of Section 404 in a timely manner, our independent registered public accounting firm may issue an adverse report regarding the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Any such event could adversely affect our financial condition, results of operations and business, and lead to a decline in the price of our Class A common stock.

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Risks Related to the Company's Alternative Investment Management Business

Ramius's profitability and, thus, the Company's profitability may be adversely affected by decreases in revenue relating to changes in market and economic conditions.

The adverse market conditions of the second half of 2008 continued in the early part of 2009 and while conditions have recently improved slightly, global market conditions have been and remain inherently unpredictable and outside of the Company's control. If these conditions continue, they may result in further reductions in Ramius's revenue and results of operations by causing a continued decline in assets under management, resulting in lower management fees and incentive income, an increase in the cost of financial instruments, lower investment returns, reduced demand for assets held by the Ramius funds, which would negatively affect the funds' ability to realize value from such assets and continued investor redemptions, resulting in lower fees and increased difficulty in raising new capital.

These factors may reduce Ramius's revenue, revenue growth and income and may slow or reduce the growth of the alternative investment management business or may contract the alternative investment management business. In particular, negative fund performance reduces assets under management, which decreases the management fees and incentive income that Ramius earns. Negative performance of the Ramius Enterprise Master Fund Ltd (which we refer to as the Enterprise Fund) also decreases revenue derived from the Company's returns on investment of its own capital.

The net asset values of many Ramius funds are beneath their "high-water marks," which will limit the Company's ability to earn incentive income from such funds.

Incentive income, which has historically comprised a substantial portion of Ramius's annual revenues, is subject to "high-water marks" whereby incentive income is earned by Ramius only to the extent that the net asset value of a fund at the end of a measurement period exceeds the highest net asset value as of the end of a preceding measurement period for which Ramius earned incentive income. Ramius's incentive allocations are also subject, in some cases, to performance hurdles. As a result of negative investment performance in 2008, Ramius entered 2009 with high-water marks in many hedge funds, which require the Ramius funds to recover cumulative losses before Ramius can begin to earn incentive income in 2009 and beyond with respect to the investments of fund investors who suffered losses last year. In order for Ramius to begin earning incentive fees from investors who had incurred losses in 2008, the respective funds they are invested in need to recoup the losses they incurred in 2008. For example, the net asset value of Ramius Multi-Strategy Fund Ltd decreased by 26.76% net of management fees in 2008 (assuming no further recovery from the 80% discount that Ramius has valued the net equity claim for assets held at Lehman Brothers International (Europe) (which we refer to as LBIE)). In order for Ramius to earn an incentive fee with respect to an investor who had participated fully in this loss, the fund will have to increase net asset value by 36.5%, net of management fees. Such analysis applies to each fund which incurred 2008 losses and current market conditions make it difficult to predict when Ramius will be eligible to earn incentive income from such funds.

Certain of the Ramius funds face particular retention issues with respect to investment professionals whose compensation is tied, often in large part, to performance thresholds, or "high water marks." This retention risk is heightened during periods similar to those we are currently experiencing where market conditions make it more difficult to generate positive investment returns. For example, several investment professionals receive performance-based compensation at the end of each year based upon their annual investment performance, and this performance-based compensation represents substantially all of the compensation the professional is entitled to receive during the year. If the investment professional's annual performance is negative, the professional will not be entitled to receive any performance-based compensation for the year. If the investment professional or fund, as the case may be, does not produce investment results sufficient to merit performance-based compensation, any affected investment professional may be incentivized to join a competitor because doing so would allow the professional to eliminate the burden of having to satisfy the high water mark before earning performance-based compensation.

Investors in the Ramius funds and investors with managed accounts can generally redeem investments with prior notice. The rate of redemptions has recently accelerated and could continue to further accelerate. Redemptions have, and may continue to, create difficulties in managing the liquidity of the Ramius funds and managed accounts, reduce assets under management and adversely affect the Company's revenues.

Investors in the Ramius funds and investors with managed accounts may generally redeem their investments with prior notice, subject to certain initial holding periods. Investors may reduce the aggregate amount of their investments, or transfer their investments to other funds or asset managers with different fee rate arrangements, for any number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. Furthermore, investors in the Ramius funds may be investors in products managed by other alternative asset managers where redemptions have been restricted or suspended. Such investors may redeem capital from Ramius funds, even if the Ramius funds' performance is superior, due to an inability to redeem capital from other managers. Investors have less confidence now and their allocation process is more selective and deliberate. Increased volatility in global markets could accelerate the pace of fund and managed account redemptions. Redemptions of investments in the Ramius funds could also take place more quickly than assets may be sold by those funds to meet the price of such redemptions, which could result in the relevant funds and/or Ramius being in breach of applicable legal, regulatory and contractual requirements in relation to such redemptions, resulting in possible regulatory and investor actions against Ramius, the Ramius funds and/or the Company. If the Ramius funds or managed accounts underperform, existing investors may decide to reduce or redeem their investments or transfer asset management responsibility to other asset managers and the Company may be unable to obtain new alternative investment management business. Any such action would potentially cause further redemptions and/or make it more difficult to attract new investors.

The redemption of investments in the Ramius funds or in managed accounts could also adversely affect the revenues of the Company's alternative investment management business, which are substantially dependent upon the assets under management in the Ramius funds. If redemptions of investments cause revenues to decline, they would likely have a material adverse effect on our business, results of operations or financial condition. As a result of recent market developments and the potential for increased and continuing disruptions and the resulting uncertainty during the second half of 2008 and early 2009, Ramius has recently experienced an increase in the level of redemptions from the Ramius funds and managed accounts. Furthermore, redemption rates may stay elevated within the industry while market conditions remain unsettled. If the level of redemption activity persists at above historic levels, it could become more difficult to manage the liquidity requirements of the Ramius funds, making it more difficult or more costly for the Ramius funds to liquidate positions rapidly to meet redemption requests or otherwise. This in turn may negatively impact the Company's returns on its own invested capital.

In addition to the impact on the market value of assets under management, the illiquidity and volatility of the global financial markets have negatively affected Ramius's ability to manage inflows and outflows from the Ramius funds. The Company's ability to attract new capital to existing Ramius funds or to develop new investment platforms may be negatively impacted during this period. Several alternative investment managers, including Ramius, have recently exercised and may in the future exercise their rights to limit, and in some cases, suspend, redemptions from the funds they manage. Ramius has also and may in the future negotiate with investors in an attempt to limit redemptions or create a variety of other investor structures to bring fund assets and liquidity requirements into a more

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manageable balance. To the extent that Ramius has negotiated with investors to limit redemptions, it may be likely that such investors will continue to seek further redemptions in the future. Such actions may have an adverse effect on the ability of the Ramius funds to attract additional assets under management. The Ramius fund of funds platform may also be adversely impacted as the hedge funds in which it invests themselves face similar investor redemptions or if such hedge funds exercise their rights to limit or suspend Ramius's redemptions from such funds. Poor performance relative to other asset management firms may result in reduced investments in the Ramius funds and managed accounts and increased redemptions from the Ramius funds and managed accounts. As a result, investment underperformance would likely have a material adverse effect on the Company's results of operations and financial condition.

Hedge fund investments, including the investments of the Company's own capital in the Enterprise Fund, are subject to other additional risks.

Investments by the Ramius funds (including the Enterprise Fund in which the Company's own capital is invested) are subject to certain risks that may result in losses. Decreases to assets under management as a result of investment losses or client redemptions may have a material adverse effect on the Company's revenues, net income and cash flows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future. Additional risks include the following:

- Generally, there are few limitations on hedge funds' investment strategies, which are often subject to the sole discretion of the management company or the general partner of such funds.

- Hedge funds may engage in short selling, which is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security sold short may appreciate before the short position is closed out. A fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the fund is otherwise unable to borrow securities that are necessary to hedge its positions. Furthermore, recent rulemaking by the SEC and other regulatory authorities outside the United States have imposed trading restrictions and reporting requirements on short selling, which in certain circumstances may impair hedge funds' ability to use short selling effectively.

- The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an overall market position through a combination of financial instruments. A hedge fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the fund might only be able to acquire some but not all of the components of the position, or if the overall position were in need of adjustment, the fund might not be able to make such an adjustment. As a result, a hedge fund would not be able to achieve the market position selected by the management company or general partner of such fund, and might incur a loss in liquidating its position.

- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their respective liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This "systemic risk" may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the hedge funds interact on a daily basis.

- Hedge funds are subject to risks due to the potential illiquidity of assets. Hedge funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. The timely sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which they may be a party, and changes in industry and government regulations. It may be impossible or highly costly for hedge funds to liquidate positions rapidly to meet margin calls, withdrawal requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time, if the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market. In addition, increased levels of redemptions may result in increased illiquidity as more liquid assets are sold to fund redemptions. Moreover, these risks may be exacerbated for the Ramius fund of funds platform. For example, if the Ramius fund of funds platform invested in two or more hedge funds that each had illiquid positions in the same issuer, the illiquidity risk for the Ramius fund of funds portfolios would be compounded. Furthermore, certain of the investments of the Ramius fund of funds platform were in third party hedge funds that halted redemptions in the recent past in the face of illiquidity and other issues, and could do so again in the future.

Hedge fund investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances, including short selling. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, hedge funds' assets are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

If a Ramius fund's counterparty for any of its derivative or non-derivative contracts defaults on the performance of those contracts, the Company may not be able to cover its exposure under the relevant contract.

The Ramius funds enter into numerous types of financing arrangements with a wide array of counterparties around the world, including loans, hedge contracts, swaps, repurchase agreements and other derivative and non-derivative contracts. The terms of these contracts are generally complex and often customized and often are not currently subject to regulatory oversight. The Company is subject to the risk that the counterparty to one or more of these contracts may default, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur at any time without notice. Additionally, Ramius may not be able to take action to cover its exposure if a counterparty defaults under such a contract, either because of a lack of the contractual ability or because market conditions make it difficult to take effective action. The impact of market stress or counterparty financial condition may not be accurately foreseen or evaluated and, as a result, Ramius may not take sufficient action to reduce its risks effectively.

Counterparty risk is accentuated where the fund has concentrated its transactions with a single or small group of counterparties. Generally, hedge funds are not restricted from concentrating any or all of their transactions with one counterparty. Moreover, the funds' internal review of the creditworthiness of their counterparties may prove inaccurate. The absence of a regulated market to facilitate settlement and the evaluation of creditworthiness may increase the potential for losses.

The Company may suffer losses in connection with the insolvency of prime brokers, custodians, administrators and other agents whose services the Company uses and who may hold assets of Ramius funds.

All of the Ramius funds use the services of prime brokers, custodians, administrators or other agents to carry out certain securities transactions and to conduct certain business of the Ramius funds. In the event of the insolvency of a prime broker and/or custodian, the Ramius funds might not be able to recover equivalent assets in full as they may rank among the prime broker's and custodian's

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unsecured creditors in relation to assets which the prime broker or custodian borrows, lends or otherwise uses. In addition, the Ramius funds' cash held with a prime broker or custodian (if any) may not be segregated from the prime broker's or custodian's own cash, and the funds will therefore rank as unsecured creditors in relation thereto. Specifically, certain Ramius funds used an affiliate of Lehman Brothers as one of their prime brokers and some of these funds also held assets through accounts at Lehman Brothers. Other affiliates of Lehman Brothers that are now in insolvency proceedings were also trading counterparties for some of the hedge funds managed by Ramius. The total net equity claim of the Ramius funds with respect to Lehman Brothers was approximately $251.2 million. The Company estimates the total recoverable claim of the Ramius funds against Lehman Brothers and its affiliates to be approximately $58.6 million. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance 2008 Fund Performance Lehman Brothers" for more information.

Operational risks relating to the failure of data processing systems and other information systems and technology may disrupt our alternative investment management business, result in losses or limit the business's operations and growth.

Ramius and its funds rely heavily on financial, accounting, trading and other data processing systems to, among other things, execute, confirm, settle and record transactions across markets and geographic locations in a time-sensitive, efficient and accurate manner. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss, a disruption of its business, liability to the Ramius funds, regulatory intervention or reputational damage. In addition, Ramius is highly dependent on information systems and technology. The cost of maintaining such systems may increase from its current level. Such a failure to accommodate Ramius's operational needs, or an increase in costs related to such information systems, could have a material adverse effect on the Company, both with respect to a decrease in the operational performance of its alternative investment management business and an increase in costs that may be necessary to improve such systems.

The Company depends on its headquarters in New York, New York, where most of the Company's alternative investment management personnel are located, for the continued operation of its business. We have taken precautions to limit the impact that a disruption to operations at our New York headquarters could cause (for example, by ensuring that offices in other geographic locations can operate independently of other offices). Although these precautions have been taken, a disaster or a disruption in the infrastructure that supports our alternative investment management business, including a disruption involving electronic communications or other services used by Ramius or third parties with whom Ramius does conduct business (including the funds invested in by the Ramius fund of funds platform), or directly affecting the New York, New York, headquarters, could have a material adverse impact on the Company's ability to continue to operate its alternative investment management business without interruption. Ramius's disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all. Finally, the Company relies on third party service providers for certain aspects of its business, including for certain information systems and technology and administration of the Ramius funds. Severe interruptions or deteriorations in the performance of these third parties or failures of their information systems and technology could impair the quality of Ramius's operations and could impact the Company's reputation and materially adversely affect our alternative investment management business.

Certain of the Ramius funds may invest in relatively high-risk, illiquid assets, and Ramius may fail to realize any profits from these activities for a considerable period of time or lose some or all of the principal amounts of these investments.

Certain of the Ramius funds (including the Enterprise Fund in which the Company has approximately $276 million of its own capital invested as of September 30, 2009) invest all or a portion of their assets in securities that are not publicly traded and funds invested in by the Ramius fund of funds platform may do the same. In many cases, such funds may be prohibited by contract or by applicable securities laws from selling such securities for a period of time or there may not be a public market for such securities. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Accordingly, under certain conditions, the Ramius funds, or funds invested in by the Ramius fund of funds platform, may be forced to either sell securities at lower prices than they had expected to realize or defer, potentially for a considerable period of time, sales that they had planned to make. Investing in these types of investments is risky, and the Ramius funds (including the Enterprise Fund) may lose some or all of the principal amount of such investments, including our own invested capital.

Risk management activities may materially adversely affect the return on the Ramius funds' investments if such activities do not effectively limit a fund's exposure to decreases in investment values or if such exposure is overestimated.

When managing the Ramius funds' exposure to market risks, the relevant fund (or one of the funds invested in by the Ramius fund of funds platform) may use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative financial instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in interest rates, currency exchange rates and asset prices. The success of such derivative transactions generally will depend on Ramius's (or the underlying fund manager's) ability to accurately predict market changes in a timely fashion, the degree of correlation between price movements of a derivative instrument, the position being hedged, the creditworthiness of the counterparty and other factors. As a result, these transactions may result in poorer overall investment performance than if they had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. For a variety of reasons, a perfect correlation between the instruments used in a hedging or other derivative transaction and the position being hedged may not be attained. An imperfect correlation could give rise to a loss. Also, it may not be possible to fully or perfectly limit exposure against all changes in the value of an investment because the value of an investment is likely to fluctuate as a result of a number of factors, some of which will be beyond Ramius's control or ability to hedge.

Fluctuations in currency exchange rates could materially affect the Company's alternative investment management business and its results of operations and financial condition.

The Company uses U.S. dollars as its reporting currency. Investments in Ramius funds and managed accounts are made in different currencies, including Euros, Pounds Sterling and Yen. In addition, Ramius funds and managed accounts hold investments denominated in many foreign currencies. To the extent that the Company's revenues from its alternative investment management business are based on assets under management denominated in such foreign currencies, our reported revenues may be significantly affected by the exchange rate of the U.S. dollar against these currencies. Typically, an increase in the exchange rate between U.S. dollars and these currencies will reduce the impact of revenues denominated in these currencies in the financial results of our alternative investment management business. For example, management fee revenues derived from each Euro of assets under management denominated in Euros will decline in U.S. dollar terms if the value of the U.S. dollar appreciates against the Euro. In addition, the calculation of the amount of assets under management is affected by exchange rate movements as assets under management denominated in foreign currencies are converted to U.S. dollars. Ramius also incurs a portion of its expenditures in currencies other than U.S. dollars. As a result, our alternative investment management business is subject to the effects of exchange rate fluctuations with respect to any currency conversions and Ramius's ability to hedge these risks and the cost of such hedging or Ramius's decision not to hedge could impact the performance of the Ramius funds and our alternative investment management business and its results of operations and financial condition.

The due diligence process that Ramius undertakes in connection with investments by the Ramius funds may not reveal all facts that may be relevant in connection with making an investment.

Before making investments, particularly investments in securities that are not publicly traded, Ramius endeavors to conduct a due diligence review of such investment that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, Ramius is often required to evaluate critical and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment bankers and financial analysts may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, Ramius is limited to the resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigation that Ramius will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful, which may adversely affect the performance of the Ramius funds and managed accounts and the Company's ability to generate returns on its own invested capital from any such investment.

The Ramius real estate funds are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate.

Investments in the Ramius real estate funds are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include those associated with general and local economic conditions, changes in supply of and demand for competing properties in an area, changes in environmental and other laws, various uninsured or uninsurable risks, natural disasters, changes in real property tax rates, changes in interest rates, the reduced availability of mortgage financing which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks, war and other factors that are beyond our control. During 2008 and continuing in 2009, commercial real estate markets in the United States and Japan generally experienced major disruptions due to the unprecedented lack of available capital, in the form of either debt or equity, and declines in value as a result of the overall economic decline. As a result, transaction volume has dropped precipitously, negatively impacting the valuation and performance of the Ramius real estate funds significantly. Additionally, if the Ramius real estate funds acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing, they will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost, potential for cost overruns and timely completion of construction (including risks beyond the control of Ramius fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms.

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The alternative investment management industry is intensely competitive which may adversely affect the Company's ability to attract and retain investors and investment professionals.

The alternative investment management industry is extremely competitive. Competition includes numerous international, national, regional and local asset management firms and broker-dealers, commercial bank and thrift institutions, and other financial institutions. Many of these institutions offer products and services that are similar to, or compete with, those offered by us and have substantially more personnel and greater financial resources than Ramius does. The key areas for competition include historical investment performance, the ability to identify investment opportunities, the ability to attract and retain the best investment professionals and the quality of service provided to investors. The Company's ability to compete may be adversely affected if it underperforms in comparison to relevant benchmarks, peer groups or competing asset managers. The competitive market environment may result in increased downward pressure on fees, for example, by reduced management fee and incentive allocation percentages. The future results of operations of the Company's alternative investment management business are dependent in part on its ability to maintain current fee levels for its products and services. In the current economic environment, many competing asset managers have experienced substantial declines in investment performance, increased redemptions, or counterparty exposures which impair their businesses. Some of these asset managers have reduced their fees in an attempt to avoid additional redemptions. Competition within the alternative investment management industry could lead to pressure on the Company to reduce the fees that it charges its clients for alternative investment management products and services. A failure to compete effectively in this environment may result in the loss of existing clients and business, and of opportunities to generate new business and grow assets under management, each of which could have a material adverse effect on the Company's alternative investment management business and results of operations, financial condition and prospects. Furthermore, consolidation in the alternative investment management industry may accelerate, as many asset managers are unable to withstand the substantial declines in investment performance, increased redemptions, and other pressures impacting their businesses, including increased regulatory, compliance and control requirements. Some competitors may acquire or combine with other competitors. The combined business may have greater resources than the Company does and may be able to compete more effectively against Ramius and rapidly acquire significant market share.

If Ramius or the Company were deemed an "investment company" under the U.S. Investment Company Act, applicable restrictions could make it impractical for Ramius and the Company to continue their respective businesses as contemplated and could have a material adverse effect on Ramius's and the Company's businesses and prospects.

A person will generally be deemed to be an "investment company" for purposes of the U.S. Investment Company Act of 1940, if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or

- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

The Company believes it is engaged primarily in the business of providing asset management and financial advisory services and not in the business of investing, reinvesting or trading in securities. The Company also believes that the primary source of income from its business is properly characterized as income earned in exchange for the provision of services. Ramius is an alternative investment management company and the Company does not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, the Company does not believe that Ramius is an "orthodox" investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Additionally, neither Ramius nor the Company is (and neither anticipates being, after giving effect to the offering) an inadvertent investment company by virtue of the 40% test in Section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above.

The Investment Company Act and the rules thereunder contain detailed requirements for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. The Company intends to conduct its alternative investment management operations so that neither the Company nor Ramius will be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause Ramius or the Company to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on their respective capital structures, ability to transact business with affiliates (including subsidiaries) and ability to compensate key employees, could make it impractical for either Ramius or the Company to continue their respective businesses as currently conducted, impair the agreements and arrangements between and among them, their subsidiaries and their senior personnel, or any combination thereof, and materially adversely affect their business, financial condition and results of operations. Accordingly, Ramius or the Company may be required to limit the amount of investments that it makes as a principal or otherwise conduct its business in a manner that does not subject Ramius or the Company to the registration and other requirements of the Investment Company Act.

Recently, legislation was proposed in the U.S. that would impose recordkeeping, disclosure, and reporting requirements upon investment funds advised by a firm that is registered with the SEC under the Advisers Act. Should this or similar legislation be adopted, the Ramius funds may become subject to additional registration, reporting and other requirements. As a result, compliance costs and burdens upon the Ramius business may increase and the additional requirements may constrain Ramius's ability to conduct its business as currently conducted, which may adversely affect Ramius's and the Company's business, results of operations or financial condition.

Increased regulatory focus could result in regulation that may limit the manner in which the Company and the Ramius funds invest and the types of investors that may invest in the Ramius funds, materially impacting the Company's business.

The Company's alternative investment management business may be adversely affected if new or revised legislation or regulations are enacted, or by changes in the interpretation or enforcement of existing rules and regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets and their participants. Such changes could place limitations on the type of investor that can invest in alternative investment funds or on the conditions under which such investors may invest. Further, such changes may limit the scope of investing activities that may be undertaken by alternative investment managers as well as their funds. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be difficult and expensive and affect the manner in which Ramius conducts business, which may adversely impact its results of operations, financial condition and prospects.

Additionally, as a result of recent highly publicized financial scandals, investors, regulators and the general public have exhibited concerns over the integrity of both the U.S. financial markets and the regulatory oversight of these markets. As a result, the business environment in which Ramius operates is subject to heightened regulation. With respect to alternative investment management funds, in recent years, there has been debate in both U.S. and foreign governments about new rules or regulations, including increased oversight or taxation, in addition to the recently proposed Private Fund Transparency Act. As calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative investment management funds, including Ramius funds. Such investigations may impose additional expenses on the

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Company, may require the attention of senior management and may result in fines if any of the Ramius funds are deemed to have violated any regulations.

The Company's alternative investment management business may suffer as a result of loss of business from key investors.

The Company generates a significant proportion of its alternative investment management revenue from a small number of its largest clients. As of September 30, 2009, affiliates of HVB and BA Alpine Holdings, Inc. constituted Ramius's largest institutional investor representing approximately 10.34% of assets under management, with the five largest investors collectively contributing approximately 21.94% of assets under management. The loss of all or a substantial portion of the business provided by one or more of these investors would have a material impact on income derived from management fees and incentive allocations and consequently have a material adverse effect on our alternative investment management business and results of operations or financial condition.

Risks Related to the Company's Investment Banking Business

The Company's investment banking business focuses principally on specific sectors of the economy, and deterioration in the business environment in these sectors or a decline in the market for securities of companies within these sectors could materially affect our investment banking business.

Cowen and Company focuses principally on the healthcare, technology, media and telecommunications, consumer, aerospace and defense, and alternative energy sectors of the economy. Therefore, volatility in the business environment in these sectors or in the market for securities of companies within these sectors could substantially affect the Company's financial results and, thus, the market value of the Class A common stock. The business environment for companies in these sectors has been subject to substantial volatility, and Cowen and Company's financial results have consequently been subject to significant variations from year to year. The market for securities in each of Cowen and Company's target sectors may also be subject to industry-specific risks. For example, changes in policies of the United States Food and Drug Administration, along with changes in Medicare and government reimbursement policies, may affect the market for securities of healthcare companies.

As an investment bank focused principally on specific growth sectors of the economy, Cowen and Company also depends significantly on private company transactions for sources of revenues and potential business opportunities. Most of these private company clients are initially funded and controlled by private equity firms. To the extent the pace of these private company transactions slows or the average size declines due to a decrease in private equity financings, difficult market conditions in Cowen and Company's target sectors or other factors, the Company's business and results of operations may be adversely affected.

The financial results of the Company's investment banking business may fluctuate substantially from period to period, which may impair the stock price of the Class A common stock.

Cowen and Company has experienced, and we expect to experience in the future, significant periodic variations in its revenues and results of operations. These variations may be attributed in part to the fact that its investment banking revenues are typically earned upon the successful completion of a transaction, the timing of which is uncertain and beyond its control. In most cases, Cowen and Company receives little or no payment for investment banking engagements that do not result in the successful completion of a transaction. As a result, our investment banking business is highly dependent on market conditions as well as the decisions and actions of its clients and interested third parties. For example, a client's acquisition transaction may be delayed or terminated because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or unexpected financial or other problems in the client's or counterparty's business. If the parties fail to complete a transaction on which Cowen and Company is advising or an offering in which Cowen and Company is participating, we will earn little or no revenue from the transaction, and we may incur significant expenses that may not be recouped. This risk may be intensified by Cowen and Company's focus on growth companies in the healthcare, technology, media and telecommunications, consumer, aerospace and defense, and alternative energy sectors as the market for securities of these companies has experienced significant variations in the number and size of equity offerings. Many companies initiating the process of an IPO are simultaneously exploring merger and acquisition exit opportunities. The Company's investment banking revenues would be adversely affected in the event that an IPO for which it is acting as an underwriter is preempted by the company's sale if Cowen and Company is not also engaged as a strategic advisor in such sale. As a result, our investment banking business is unlikely to achieve steady and predictable earnings on a quarterly basis, which could in turn adversely affect the stock price of the Class A common stock.

Pricing and other competitive pressures may impair the revenues of the Company's brokerage business.

Cowen Holdings historically derived a significant portion of its revenues from the brokerage business of Cowen and Company, which accounted for approximately 69% of Cowen Holdings' revenues in 2008. Along with other firms, Cowen and Company has experienced intense price competition in this business in recent years. In particular, the ability to execute trades electronically and through alternative trading systems has increased the pressure on trading commissions and spreads. The Company expects pricing pressures in the business to continue. Decimalization in securities trading has also reduced revenues and lowered margins within the equity brokerage divisions of many firms, including Cowen and Company. We expect to continue to experience competitive pressures in these and other areas in the future as some of our competitors in the investment banking industry seek to obtain market share by competing on the basis of price or use their own capital to facilitate client trading activities. In addition, the Company faces pressure from Cowen and Company's larger competitors, who may be better able to offer a broader range of complementary products and services to clients in order to win their trading business. As we is committed to maintaining and improving Cowen and Company's comprehensive research coverage in its target sectors to support its brokerage business, the Company may be required to make substantial investments in Cowen and Company research capabilities. If Cowen and Company is unable to compete effectively in these areas, the revenues of its brokerage business may decline, and the Company's business and results of operations may be adversely affected.

Cowen and Company faces strong competition from larger firms.

The research, brokerage and investment banking industries are intensely competitive, and the Company expects them to remain so. Cowen and Company competes on the basis of a number of factors, including client relationships, reputation, the abilities of Cowen and Company's professionals, market focus and the relative quality and price of Cowen and Company's services and products. Cowen and Company has experienced intense price competition in some of its businesses, including trading commissions and spreads in its brokerage business. In addition, pricing and other competitive pressures in investment banking, including the trends toward multiple book runners, co-managers and financial advisors, could adversely affect the Company's revenues from its investment banking business.

Cowen and Company is a relatively small investment bank. Many of Cowen and Company's competitors in the research, brokerage and investment banking industries have a broader range of products and services, greater financial resources, larger customer bases, greater name recognition and marketing resources, a larger number of senior professionals to serve their clients' needs, greater global reach and more established relationships with clients than Cowen and Company has. These larger competitors may be better able to respond to changes in the research, brokerage and investment banking industries, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally.

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The scale of our competitors in the investment banking industry has increased in recent years as a result of substantial consolidation among companies in the research, brokerage and investment banking industries. In addition, a number of large commercial banks and other broad-based financial services firms have established or acquired underwriting or financial advisory practices and broker-dealers or have merged with other financial institutions. These firms have the ability to offer a wider range of products than Cowen and Company does which may enhance their competitive position. They also have the ability to support their investment banking and advisory groups with commercial banking and other financial services in an effort to gain market share, which has resulted, and could further result, in pricing pressure in Cowen Holdings' businesses. If we are unable to compete effectively with our competitors in the investment banking industry, the Company's business and results of operations will be adversely affected.

The Company's capital markets and strategic advisory engagements are singular in nature and do not generally provide for subsequent engagements.

The Company's investment banking clients generally retain Cowen and Company on a short-term, engagement-by-engagement basis in connection with specific capital markets or mergers and acquisitions transactions, rather than on a recurring basis under long-term contracts. As these transactions are typically singular in nature and Cowen and Company's engagements with these clients may not recur, Cowen and Company must seek out new engagements when its current engagements are successfully completed or are terminated. As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in any subsequent period. If Cowen and Company is unable to generate a substantial number of new engagements that generate fees from new or existing clients, the Company's investment banking business and results of operations would likely be adversely affected.

Larger and more frequent capital commitments in the Company's trading and underwriting businesses increase the potential for significant losses.

There has been a trend toward larger and more frequent commitments of capital by financial services firms in many of their activities. For example, in order to compete for certain transactions, investment banks may commit to purchase large blocks of stock from publicly traded issuers or significant stockholders, instead of the more traditional marketed underwriting process in which marketing is completed before an investment bank commits to purchase securities for resale. The Company anticipates participating in this trend and, as a result, Cowen and Company will be subject to increased risk as it commits capital to facilitate business. Furthermore, Cowen and Company may suffer losses as a result of the positions taken in these transactions even when economic and market conditions are generally favorable for others in the industry.

Cowen and Company may enter into large transactions in which it commits its own capital as part of its trading business to facilitate client trading activities. The number and size of these large transactions may materially affect Cowen and Company's results of operations in a given period. Market fluctuations may also cause Cowen and Company to incur significant losses from its trading activities. To the extent that Cowen and Company owns assets (*i.e.*, has long positions), a downturn in the value of those assets or in the markets in which those assets are traded could result in losses. Conversely, to the extent that Cowen and Company has sold assets it does not own (*i.e.*, has short positions), in any of those markets, an upturn in the value of those assets or in markets in which those assets are traded could expose the Company's investment banking business to potentially large losses as it attempts to cover short positions by acquiring assets in a rising market.

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Operational risks relating to the failure of data processing systems and other information systems and technology or other infrastructure may disrupt the Company's investment banking business, result in losses or limit the our operations and growth in the industry.

Cowen and Company's investment banking business is highly dependent on its ability to process, on a daily basis, a large number of transactions across diverse markets, and the transactions that Cowen and Company processes have become increasingly complex. The inability of Cowen and Company's systems to accommodate an increasing volume of transactions could also constrain the Company's ability to expand its investment banking business. If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in Cowen and Company's internal processes, people or systems, the Company could suffer impairments, financial loss, a disruption of its investment banking business, liability to clients, regulatory intervention or reputational damage.

Cowen and Company has outsourced certain aspects of its technology infrastructure including data centers and wide area networks, as well as some trading applications. Cowen and Company is dependent on its technology providers to manage and monitor those functions. A disruption of any of the outsourced services would be out of the Company's control and could negatively impact our investment banking business. Cowen and Company has experienced disruptions on occasion, none of which has been material to Cowen and Company's operations and results. However, there can be no guarantee that future material disruptions with these providers will not occur.

The Company also faces the risk of operational failure of or termination of relations with any of the clearing agents, exchanges, clearing houses or other financial intermediaries that Cowen and Company uses to facilitate its securities transactions. Any such failure or termination could adversely affect Cowen and Company's ability to effect transactions and to manage its exposure to risk.

In addition, the Company's ability to conduct its investment banking business may be adversely impacted by a disruption in the infrastructure that supports Cowen and Company and the communities in which we are located. This may affect, among other things, the Company's financial, accounting or other data processing systems. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with which Cowen and Company conducts business, whether due to fire, other natural disaster, power or communications failure, act of terrorism or war or otherwise. Nearly all of our investment banking employees in our primary locations in New York, Boston, San Francisco and London work in close proximity to each other. Although Cowen and Company has a formal disaster recovery plan in place, if a disruption occurs in one location and our investment banking employees in that location are unable to communicate with or travel to other locations, Cowen and Company's ability to service and interact with its clients may suffer, and the Company may not be able to implement successfully contingency plans that depend on communication or travel.

Our investment banking business also relies on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Although Cowen and Company takes protective measures and endeavors to modify them as circumstances warrant, Cowen and Company's computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this could jeopardize our or our investment banking clients' or counterparties' confidential and other information processed and stored in, and transmitted through, Cowen and Company's computer systems and networks, or otherwise cause interruptions or malfunctions in our investment banking business', its clients', its counterparties' or third parties' operations. The Company may be required to expend significant additional resources to modify its protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications, and the Company may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by the Company.

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Risks Related to the Offering

If the Company is not the subject of securities analyst reports or if any securities analyst downgrades Class A common stock or the Company's sector, the price of Class A common stock could be negatively affected.

Securities analysts may publish reports about the Company or the Company's industry containing information about the Company that may affect the trading price of Class A common stock. There are many publicly-traded companies active in the financial services industry, which may mean it will be less likely that the Company receives analysts' coverage, which in turn could affect the price of Class A common stock. In addition, if a securities or industry analyst downgrades the outlook for the Company stock or one of the Company's competitors' stocks, the trading price of the Class A common stock may also be negatively affected.

The ability of RCG and, subject to limitations, HVB and some of the Company's employees to sell Class A common stock could cause the stock price to decrease.

RCG and HVB may sell the 40,250,708 aggregate shares of Class A common stock that they hold in the aggregate. All of these shares were issued in the Transactions. However, the asset exchange agreement restricts the sale of shares by HVB under specified circumstances, and RCG's managing member agreed in RCG's operating agreement (as amended and restated at the closing of the Transactions) not to make any distributions of Class A common stock to the members of RCG (including BA Alpine Holdings, Inc.) for a period of time, up to 36 months, following the closing of the Transactions, which restriction may be waived by RCG's managing member in accordance with the terms of RCG's operating agreement. Approximately 1,655,726 shares of Class A common stock underlie the capital in RCG of those members of RCG who may withdraw one-third of their capital in RCG as of the end of each calendar year beginning on December 31, 2009. In connection with a withdrawal of capital by these members of RCG, RCG intends to sell shares of Class A common stock attributable to these members on or prior to the effectiveness of such withdrawal and to use the net proceeds of such sales to satisfy the withdrawal requests of these members in cash. The restrictions on HVB and its affiliates (including BA Alpine Holdings, Inc. with respect to the 8,518,685 shares of Class A common stock held by RCG that are allocated to it) are subject to a number of exceptions and may be terminated upon the occurrence of certain events. The Company executed and delivered to RCG a registration rights agreement, as described below, which includes customary registration rights for RCG and HVB and its affiliates (including BA Alpine Holdings, Inc. with respect to the 8,518,685 shares of Class A common stock held by RCG that are allocated to BA Alpine Holdings, Inc.).

The sale of a substantial number of shares of Class A common stock by RCG, HVB, the Company's employees or by other stockholders within a short period of time, or the possibility of such sales, may adversely affect the price of the Company's Class A common stock and impede the Company's ability to raise capital through the issuance of equity securities.

Certain existing stockholders have entered into lock-up agreements pursuant to which they have agreed not to sell shares of Class A common stock in the public market for a period of 90 days following the completion of this public offering. The Company's amended and restated certificate of incorporation authorizes it to issue up to 250,000,000 shares of Class A common stock, of which following the completion of this offering 71,397,411 shares will be outstanding and shares will be issuable upon the exercise of outstanding vested stock options. Of the 71,397,411 shares outstanding upon the completion of this offering, shares will be freely tradeable without restriction and shares will be freely tradeable following the expiration of the 90-day lock-up period. In addition, some of our stockholders have the right to require us to register our Class A common stock for resale in certain circumstances. See "Shares Available for Future Sale Registration Rights Agreement."

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The Company will have broad discretion in how it uses the net proceeds of this offering and the Company may not use them effectively, which could affect the Company's results of operations and cause the Company's stock price to decline, or the Company may use the net proceeds in ways with which you disagree.

The Company will have considerable discretion in applying the net proceeds of this offering. Beyond using approximately $25 million of the net proceeds of this offering to repay outstanding indebtedness, the Company currently has no specific plans for the use of the net proceeds of this offering. The Company anticipates that it will use the net proceeds from this offering to repay indebtedness and for working capital and general corporate purposes. Because of the number and variability of factors that determine the Company's use of proceeds from this offering, the Company cannot predict its use of the proceeds of this offering. Stockholders may not deem the uses desirable, and the Company's use of the net proceeds may not yield a significant return or any return at all for the Company's stockholders. In particular, the Company has indicated that it may invest the net proceeds in various marketable equity securities and certain other liquid investments. There can be no assurance that such investments will be profitable.

The Company does not intend to pay dividends on shares of its Class A common stock for the foreseeable future.

The Company intends to use earnings in the future to fund and develop the Company's business and does not anticipate paying any cash dividends on Class A common stock. Your potential gain from your investment in Class A common stock, therefore, will be solely the capital appreciation, if any, of Class A common stock.

Under the amended and restated certificate of incorporation of the Company, the Company is able to issue more shares of common stock than are currently outstanding. As a result, such future issuances of common stock could have a dilutive effect on the earnings per share and voting power of the Company stockholders.

The amended and restated certificate of incorporation of the Company authorizes a greater number of shares of common stock than are currently outstanding. If the board of directors of the Company elects to issue additional shares of common stock in the future, whether in public offerings, in connection with mergers and acquisitions or otherwise, such additional issuances could dilute the earnings per share and voting power of the Company stockholders.

Certain provisions of the Company's amended and restated certificate of incorporation, amended and restated bylaws and Delaware law may have the effect of delaying or preventing an acquisition by a third party.

The Company's certificate of incorporation, as amended, and amended and restated bylaws contain several provisions that may make it more difficult for a third party to acquire control of the Company, even if such acquisition would be financially beneficial to the Company's stockholders. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in the Company's stockholders receiving a premium over the then-current trading price of Class A common stock. For example, the Company's amended and restated certificate of incorporation authorizes its board of directors to issue up to 10,000,000 shares of "blank check" preferred stock. Without stockholder approval, the board of directors has the authority to attach special rights, including voting and dividend rights, to this preferred stock. With these rights, preferred stockholders could make it more difficult for a third party to acquire the Company. In addition, the Company's amended and restated bylaws provide for an advance notice procedure with regard to the nomination of candidates for election as directors and with regard to business to be brought before a meeting of stockholders. The Company is also subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, or DGCL. Under these provisions, if anyone becomes an "interested stockholder," the Company may not enter into a "business combination" with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For the purposes of Section 203, "interested stockholder" means, generally, someone owning 15% or more of the Company's outstanding voting stock or an affiliate of the Company that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains a number of forward-looking statements, including statements about the financial condition, results of operations, earnings outlook and prospects of the Company. You can find many of these statements by looking for words such as "plan," "believe," "expect," "intend," "seek," "anticipate," "estimate," "project," "potential," "possible," "would," "could," "should" or other similar expressions.

The forward-looking statements involve particular risks and uncertainties. The ability of the Company to predict results or the actual effects of its plans and strategies is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth in the section titled "Risk Factors", as well as, among others, the following:

- Difficult market conditions, market disruptions and volatility have adversely affected and may in the future continue to adversely affect the Company's businesses, results of operations and financial condition;
- The Company is expected to incur substantial expenses related to the integration of Ramius and Cowen Holdings; and
- The Company's alternative investment management and investment banking businesses have incurred losses in recent periods and may incur losses in the future.

Our forward-looking statements may include or relate to the following:

- the extent and duration of continued economic and market disruptions and governmental regulatory proposals to address these disruptions;
- our plans to continue to grow our business through organic growth and integration of previous and any future acquisitions;
- the risk of reduction in revenue from the elimination of existing and potential customers due to consolidation in the banking, retail and financial services industries and the impact of such consolidation on the existing respective customer bases of Ramius and Cowen Holdings;
- actions that may be taken by our competitors, customers and suppliers that may cause harm to the Company's businesses; and
- decisions to restructure, divest or eliminate business units or otherwise change the Company's business mix.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this prospectus or such other date that may be specified herein. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change.

All subsequent written and oral forward-looking statements concerning the offering or other matters addressed in this prospectus and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this prospectus. Except to the extent required by applicable law or regulation, the Company does not undertake any obligation to update these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares of our Class A common stock in this offering of approximately $ million, based upon an assumed public offering price of $ per share, the last reported sale price of our Class A common stock on , 2009, and after deducting the underwriting discounts and other estimated offering expenses payable by us.

We anticipate that we will use a portion of the net proceeds received by us from this offering to repay amounts outstanding under our $50 million credit facility with HVB so that the remaining balance plus outstanding letters of credit will not exceed $25 million. Additional net proceeds will be used for working capital and general corporate purposes.

As of November 23, 2009 approximately $43.0 million was outstanding under the HVB Credit Facility, which matures on September 29, 2011 and has an annual interest rate of either, at our election, (i) the prime rate plus 1.5% (for a portion of the facility to be determined) or (ii) LIBOR plus 3.5% per annum. In addition, we had an outstanding letter of credit of approximately $7 million under the HVB Credit Facility. The amount available under the HVB Credit Facility automatically reduces to a $25 million on January 4, 2010. The HVB Credit Facility was used to repay the prior $50 million credit facility between RCG and HVB AG, among others.

Pending the use of the remaining proceeds, we intend to invest these proceeds in liquid securities, which may include debt or equity.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2009:

- on a historical basis;
- on a pro forma basis, after giving effect to the completion of the transactions;
- on a pro forma basis, after giving effect to the completion of the transactions, adjustments to give effect to the sale of 15,000,000 of our Class A shares offered by us in this offering at an assumed public offering price of $ per share and the application of $ million of the net proceeds therefrom to repay outstanding indebtedness under our $50 million credit facility.

You should read this table together with the other information contained in this prospectus, including "Use of Proceeds", "Unaudited Pro Forma Financial Information", "Managements Discussion and Analysis of Financial and Results of Operations" and our historical financial statements and related notes included elsewhere in this prospectus.

	Historical			
	Ramius	Cowen Holdings	Pro Forma Cowen	Pro Forma As Adjusted
	(in thousands)			
Cash and cash equivalents	$ 5,871	$ 89,827	$ 75,828	$
Lines of credit	49,746		49,746	
Redeemable members' capital	301,628			
Redeemable noncontrolling interests	267,242		253,359	
Stockholders' equity		127,685	406,930	
Noncontrolling interests		1,692	1,692	
Total Capitalization	$ 568,870	$ 129,377	$ 661,981	$

MARKET PRICE OF CLASS A COMMON STOCK

On November 2, 2009, our Class A common stock was listed and began trading on the NASDAQ Global Market under the symbol "COWND." As of December 1, 2009, our Class A common stock will be listed and trade on the NASDAQ Global Market under the symbol "COWN." The most recent closing price for our Class A common stock as of November 23, 2009, was $6.87 and there were approximately 25 holders of record of our Class A common stock. From November 2, 2009 through November 24, 2009, the high and low sale prices were $9.00 and $6.29, respectively.

Prior to November 2, 2009, the common stock of Cowen Holdings had traded under the symbol "COWN" since Cowen Holdings's initial public offering in July 2006. Prior to November 2, 2009, our common stock was held by RCG and Cowen Holdings as restricted shares and was not publicly tradable.

DIVIDEND POLICY

We have never declared or paid any cash dividends on Class A common stock. Any payment of cash dividends on Class A common stock in the future will be at the discretion of our board of directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions and other factors deemed relevant by our board of directors. Our ability to pay cash dividends is restricted under the terms of the HVB Credit Facility. We currently intend to retain any future earnings to fund the operation, development and expansion of our business, and therefore we do not anticipate paying any cash dividends in the foreseeable future.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2009, and for the fiscal year ended December 31, 2008, give effect to the Transactions as if they were completed on January 1, 2008, and include all adjustments which give effect to the events that are directly attributable to the transactions, as long as the impact of such events are expected to continue and are factually supportable. The unaudited pro forma condensed combined statement of financial condition as of September 30, 2009 gives effect to the Transactions as if they had been completed on September 30, 2009 and includes all adjustments which give effect to the events that are directly attributable to the transactions and that are factually supportable. The unaudited pro forma condensed combined financial data shown under this heading and the accompanying notes should be read together with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- the separate unaudited historical financial statements of RCG as of and for the nine months ended September 30, 2009 included elsewhere in this prospectus;
- the separate audited historical financial statements of RCG as of and for the fiscal year ended December 31, 2008 included elsewhere in this prospectus;
- the separate unaudited historical financial statements of Cowen Holdings as of and for the nine months ended September 30, 2009 included elsewhere in this prospectus; and
- the separate audited historical financial statements of Cowen Holdings as of and for the fiscal year ended December 31, 2008 included elsewhere in this prospectus.

On November 2, 2009, the transactions contemplated by the Transaction Agreement, by and among the Company, Ramius, Cowen Holdings, RCG and Lexington Merger Corp., were consummated including (1) the merger of Lexington Merger Corp. with and into Cowen Holdings, pursuant to which each outstanding share of common stock of Cowen Holdings, Inc. was converted into one share of Class A common stock of the Company and (2) the transfer by RCG of substantially all of its assets and liabilities to Ramius in exchange for the Company's issuance to RCG of 37,536,826 shares of Class A common stock of the Company. Following the consummation of the Transactions, each of Ramius and Cowen Holdings became a wholly owned subsidiary of the Company.

The Transactions were treated under the acquisition method for accounting purposes. In this case, the Transaction was accounted for as an acquisition by RCG (which prior to the consummation of the Transactions operated the Ramius business) of Cowen Holdings. As such, Cowen Holdings's assets acquired and liabilities assumed were recorded at their fair value. The fair value of Cowen Holdings's securities issued to Cowen Holdings stockholders is the purchase consideration in the transactions. The purchase consideration for Cowen Holdings under the acquisition method is based on the stock price of Cowen Holdings on the closing date of the transactions multiplied by the number of shares issued by Cowen to the Cowen Holdings stockholders. The preliminary allocation of the purchase price is based on a Cowen Holdings stock price of $7.55 per share (based on the closing stock price on October 30, 2009) and that 14,883,968 shares of Cowen Holdings stock were outstanding at the date of the completion of the transactions. Included in the 14,883,968 shares of Cowen Holdings stock are 12,071,646 freely tradable shares, 2,784,816 restricted shares and 27,506 shares underlying vested restricted stock units at the balance sheet date. The number of shares used to estimate the purchase price excludes 185,828 restricted shares at the balance sheet date that are not vesting as part of the transaction and are not effectively being purchased. Restricted shares, restricted share units and stock options of Cowen Holdings common stock at the effective time of the merger were converted into restricted shares, restricted share units and stock options of our Class A common stock on a one-for-one basis.

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On November 2, 2009, concurrently with the consummation of the Transactions, Cowen Holdings purchased from HVB the 50% interest in Ramius Alternative Solutions, the Ramius fund of funds business, that HVB owned in exchange for (1) the Company's issuance to HVB of 2,713,882 shares of our Class A common stock and (2) approximately $10.4 million in cash, resulting in Ramius Alternative Solutions becoming an indirect wholly owned subsidiary of the Company. In accordance with FASB accounting standards the acquisition of the additional interest in the Ramius fund of funds business was treated as a capital transaction and the difference between the fair value of the consideration paid and the carrying value of the non-controlling interest was recognized in equity.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the transactions been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles (which we refer to as GAAP) which are subject to change and interpretation. RCG has been treated as the acquirer in the transactions for accounting purposes. The acquisition accounting is dependent on certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates, including the estimates of the purchase consideration and allocation of purchase price to Cowen Holdings' assets, including intangible assets, and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that Cowen Group may achieve as a result of the transactions, the costs to integrate the operations of Ramius and Cowen Holdings or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

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Unaudited Pro Forma Condensed Combined Statement of Financial Condition

At September 30, 2009

	Historical			
	Ramius	**Cowen Holdings**	**Acquisition Pro Forma Adjustments**	**Pro Forma Cowen Group**
		(in thousands)		
Assets				
Cash and cash equivalents	$ 5,871	$ 89,827	$ (19,870)a	$ 75,828
Cash collateral pledged	6,746			6,746
Restricted cash pursuant to escrow agreement		501		501
Securities owned, at fair value	8,205	13,262		21,467
Other investments	14,754	16,802		31,556
Receivable from brokers, dealers and clearing brokers	16,814	35,743		52,557
Fees receivable	12,118	7,924		20,042
Due from related parties	19,723	2,007		21,730
Fixed assets, net	25,451	8,600		34,051
Goodwill	20,028	2,551	(2,551)b	20,028
Intangible assets, net	195	214	16,786 c	17,195
Other assets	4,488	14,758	1,528 d	20,774
Consolidated Ramius Funds assets:				
Cash and cash equivalents	1,563			1,563
Other investments, at fair value	544,965			544,965
Other assets	974			974
Total assets	**$ 681,895**	**$ 192,189**	**$ (4,107)**	**$ 869,977**
Liabilities, Redeemable Group Equity and Equity				
Securities sold, not yet purchased	$	$ 25,151	$	$ 25,151
Payable to brokers, dealers and clearing brokers	3,888	1,396		5,284
Compensation payable	29,758	22,396	5,592 e	57,746
Lines of credit	49,746			49,746
Fees payable	1,872			1,872
Due to related parties	8,776			8,776
Accounts payable, accrued expenses and other liabilities	18,505	12,985	26,567 f	58,057
Bank overdraft		884		884
Consolidated Ramius Funds liabilities:				
Capital withdrawals payable	86			86
Accounts payable, accrued expenses and other liabilities	394			394
Total liabilities	**113,025**	**62,812**	**32,159**	**207,996**
Redeemable members' capital	301,628		(301,628)g	
Redeemable noncontrolling interests	267,242		(13,883)h	253,359
Total redeemable group equity	**568,870**		**(315,511)**	**253,359**
Equity				
Stockholders' equity		127,685	279,245 i	406,930
Noncontrolling interests		1,692		1,692
Total equity		**129,377**	**279,245**	**408,622**
Total liabilities, redeemable group equity and equity	**$ 681,895**	**$ 192,189**	**$ (4,107)**	**$ 869,977**

See accompanying notes to unaudited pro forma condensed combined financial statements.

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Unaudited Pro Forma Condensed Combined Statement of Operations

Nine Months Ended September 30, 2009

	Historical			
	Ramius	Cowen Holdings	Acquisition Pro Forma Adjustments	Pro Forma Cowen Group
	(in thousands, except per share data)			
Revenues				
Management fees	$ 31,408	$ 6,717	$	$ 38,125
Incentive fees	177			177
Interest and dividends	225	367		592
Reimbursement from affiliates	7,832			7,832
Investment banking		28,917		28,917
Brokerage		103,773		103,773
Other	2,265	1,908		4,173
Consolidated Ramius Funds and other	12,312			12,312
Total revenues	**54,219**	**141,682**		**195,901**
Operating expenses				
Employee compensation and benefits	50,869	98,920	8,685 j	158,474
Interest and dividends	1,122	222		1,344
Professional, advisory and other fees	13,633	6,062		19,695
Communications	755	9,095		9,850
Occupancy and equipment	7,519	11,426	(3,116)k	15,829
Floor brokerage and trade execution		10,268		10,268
Service fees		13,426		13,426
Depreciation and amortization	3,563	2,299	2,368 l	8,230
Client services, marketing and business development	4,850	6,836		11,686
Other	6,628	6,654	150 m	13,432
Consolidated Ramius Funds and other	11,831			11,831
Total expenses	**100,770**	**165,208**	**8,087**	**274,065**
Other income (loss)				
Net loss on securities, derivatives and other investments	(2,702)			(2,702)
Consolidated Ramius Funds net realized and unrealized losses	25,268			25,268
Total other income (loss)	**22,566**			**22,566**
Loss before taxes	**(23,985)**	**(23,526)**	**(8,087)**	**(55,598)**
Income tax (benefit) provision	(5,978)	565		(5,413)
Net loss	**(18,007)**	**(24,091)**	**(8,087)**	**(50,185)**
Less: Net income (loss) attributable to noncontrolling interests	13,888	189	(830)h	13,247
Net loss attributable to stockholders and members	**$ (31,895)**	**$ (24,280)**	**$ (7,257)**	**$ (63,432)**
Pro forma Net Income (Loss) Per Share				
Basic	$ (0.85)o	$ (2.07)	NA	$ (1.15)q
Diluted	$ (0.85)o	$ (2.07)	NA	$ (1.15)q
Pro forma Weighted Average Common Shares				
Basic	37,537 o	11,709	5,889 p	55,135 r
Diluted	37,537 o	11,709	5,889 p	55,135 r

See accompanying notes to unaudited pro forma condensed combined financial statements.

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Unaudited Pro Forma Condensed Combined Statement of Operations

Year Ended December 31, 2008

	Historical			
	Ramius	**Cowen Holdings**	**Acquisition Pro Forma Adjustments**	**Pro Forma Cowen Group**
	(in thousands, except per share data)			
Revenues				
Management fees	$ 70,818	$ 12,573	$	$ 83,391
Interest and dividends	1,993	3,362		5,355
Reimbursement from affiliates	16,330			16,330
Investment banking		50,937		50,937
Brokerage		149,901		149,901
Other	6,853	551		7,404
Consolidated Ramius Funds and other	31,739			31,739
Total revenues	**127,733**	**217,324**		**345,057**
Operating expenses				
Employee compensation and benefits	84,769	133,891	10,250 j	228,910
Interest and dividends	1,820	189		2,009
Professional, advisory and other fees	13,803	12,108		25,911
Communications	1,574	14,797		16,371
Occupancy and equipment	11,401	15,243	(4,156)k	22,488
Floor brokerage and trade execution		10,864		10,864
Service fees		17,920		17,920
Depreciation and amortization	4,611	2,882	3,483 l	10,976
Client services, marketing and business development	8,647	12,709		21,356
Goodwill impairment	10,200	50,000	(50,000)s	10,200
Other	13,000	11,545	200 m	24,745
Consolidated Ramius Funds and other	34,268			34,268
Total expenses	184,093	282,148	(40,223)	426,018
Other (loss) income				
Net loss on securities, derivatives and other investments	(2,006)			(2,006)
Gain on exchange memberships		751		751
Consolidated Ramius Funds net realized and unrealized losses	(198,485)			(198,485)
Total other (loss) income	**(200,491)**	**751**		**(199,740)**
(Loss) income before taxes	**(256,851)**	**(64,073)**	**40,223**	**(280,701)**
Income tax (benefit) provision	(1,301)	8,081	3,706 n	10,486
Net (loss) income	**(255,550)**	**(72,154)**	**36,517**	**(291,187)**
Less: Net (loss) gain attributable to noncontrolling interests	(113,786)		5,249 h	(108,537)
Net (loss) income attributable to stockholders and members	**$ (141,764)**	**$ (72,154)**	**$ 31,268**	**$ (182,650)**
Pro forma Net Income (Loss) Per Share				
Basic	$ (3.78)o	$ (6.41)	NA	$ (3.31)q
Diluted	$ (3.78)o	$ (6.41)	NA	$ (3.31)q
Pro forma Weighted Average Common Shares				
Basic	37,537 o	11,254	6,344 p	55,135 r

Diluted	37,537 o	11,254	6,344 p	55,135 r

See accompanying notes to unaudited pro forma condensed combined financial statements.

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Notes to Unaudited Pro Forma Combined Financial Statements

Note 1 Basis of Presentation

The unaudited pro forma condensed combined financial statements give effect to the business combination of Ramius and Cowen Holdings in a transaction accounted for using the acquisition method of accounting, with Ramius treated as the accounting acquirer, as if the acquisition of Cowen Holdings had been completed on January 1, 2008, for statement of operations purposes, and on September 30, 2009, for statement of financial condition purposes.

The unaudited pro forma condensed combined financial data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been completed during the period or as of the dates for which the pro forma data is presented, nor is it necessarily indicative of the future operating results or financial position of Cowen.

Ramius's estimated purchase price for Cowen Holdings has been allocated to the assets acquired and the liabilities assumed based upon management's preliminary estimate of their respective fair values as of the date of acquisition. The purchase price allocation pro forma adjustments are preliminary, have been made solely for the purpose of providing unaudited pro forma condensed combined financial data and are subject to revision upon finalization of the acquisition accounting.

The accompanying unaudited pro forma condensed combined statements of operations do not include the impact of the following non-recurring items directly related to the transactions:

- transaction costs in connection with the acquisition yet to be incurred which will continue to be expensed as incurred;
- a non-cash bargain purchase gain created from the transaction, if any;
- a non-cash credit representing unrecognized net deferred tax assets recorded upon Ramius changing its tax status from a partnership to a corporation.

Certain reclassifications have been made to the Cowen Holdings historical balances in the unaudited pro forma condensed combined financial statements to conform to Ramius's presentation.

Note 2 Purchase Price

For the purpose of preparing the accompanying unaudited pro forma condensed combined statement of financial condition as of September 30, 2009, management made the following assumptions:

- Cowen Holdings stockholders exchanged their shares of Cowen Holdings common stock for the equivalent of 28.63% of our Class A common stock issued and outstanding (which includes shares issued in conjunction with the Transactions);
- the estimated fair value of Cowen Group securities to be issued to Cowen Holdings stockholders was determined based on the closing market price of the Cowen Holdings common shares on October 30, 2009, and the number of shares delivered at closing; and
- the fair value of outstanding Cowen Holdings stock options, which immediately vested at the effective time of the Transactions, has been attributed to pre-combination services and included in the consideration transferred.

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 2 Purchase Price (Continued)

The estimated fair value of our Class A common stock issued to Cowen Holdings stockholders in the Transactions represents the purchase consideration in the Transactions, which was computed as follows:

		(in thousands, except per share data)
Number of Cowen Holdings common shares outstanding at closing:		
Common float		12,071[(1)]
Restricted shares		2,785[(2)]
Restricted share units		27[(3)]
Total shares issued to Cowen Holdings stockholders		14,884
Estimated market price of Cowen Holdings common shares	$	7.55[(4)]
Estimated purchase price of Cowen Holdings common shares	$	112,374
Add: Fair value of unvested restricted shares and options issued		1,697[(5)]
Estimated purchase price	$	114,071

(1) Based on the trading float of Cowen Holdings's common shares on the closing date.

(2) Based on Cowen Holdings's unvested restricted shares outstanding on the closing date. Excludes restricted shares that were not subject to accelerated vesting as a result of the transactions.

(3) Based on Cowen Holdings's restricted share units outstanding on the closing date.

(4) The $7.55 share price used in calculating the estimated purchase consideration represents the closing share price of Cowen Holdings common stock on October 30, 2009.

(5) In connection with the transactions, each outstanding Cowen Holdings stock option was exchanged for one stock option of the Company. Each newly issued stock option was fully vested upon issuance, and has a strike price and expiration date equal to that of the original stock option. Cowen Holdings had 892,782 stock options outstanding as of the closing date. The fair value of Cowen Holdings's stock option awards was estimated to be $0.7 million using an assumed fair value of Cowen Holdings's stock options based on a Black-Scholes valuation model. Also included in the $1.7 million is $1.0 million related to the fair value of pre-combination service on restricted shares that were not subject to accelerated vesting as a result of the transactions.

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 2 Purchase Price (Continued)

The following is a summary of the preliminary allocation of the purchase price as reflected in the unaudited pro forma combined statement of financial condition as of September 30, 2009:

	(in thousands)
Cash and cash equivalents	$ 89,827
Restricted cash pursuant to escrow agreement	501
Securities owned, at fair value	13,262
Receivable from brokers, dealers and clearing brokers	35,743
Fees receivable	7,924
Due from related parties	2,007
Other investments	16,802
Fixed assets, net	8,600
Intangible assets, net	17,000
Other assets	16,747
Securities sold, not yet purchased	(25,151)
Payable to brokers, dealers and clearing brokers	(1,396)
Compensation payable	(30,876)
Accounts payable, accrued expenses and other liabilities	(31,993)
Bank overdraft	(884)
Noncontrolling interest	(1,692)
Total net assets acquired	116,421
Bargain purchase gain on transactions	(2,350)[1]
Total purchase price	$ 114,071

(1) Represents the estimated bargain purchase gain on the transactions.

We believe that all of the acquired receivables and contractual amounts receivable as reflected above in the preliminary allocation of the purchase price are recorded at fair value and are expected to be collected in full, except for $0.4 million which was expected to be uncollectible.

The noncontrolling interest in Cowen Holdings at the balance sheet date represents the noncontrolling equity interest in Cowen Healthcare Royalty Partners GP, LLC ("CHRP GP"), the general partner to Cowen Healthcare Royalty Partners (the "CHRP Fund"), and is recorded at fair value. CHRP GP's only significant asset is its investment in CHRP Fund, which invests principally in commercial-stage biopharmaceutical products and companies through the purchase of royalty or synthetic royalty interests and structured debt and equity instruments. The CHRP Fund follows industry practices for valuation techniques including discounted cash flows, Black-Scholes valuation models and sale price of recent transactions in the same or similar securities and significant inputs such as estimated future cash flows, discount rates, volatility and dividend yield to measure the fair value of the investments in the CHRP Fund.

Based on the September 30, 2009 estimated purchase price allocation, the fair value of the net identifiable assets acquired and liabilities assumed of $116.4 million exceeded the fair value of the estimated purchase price of $114.1 million. As a result, Cowen Group would have recognized a bargain purchase gain of $2.3 million if the transaction had closed at that date. Cowen Holdings's share price has traded below its book value for a substantial part of the last 52 weeks, and as the purchase

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 2 Purchase Price (Continued)

consideration is determined based on the stock price of Cowen Holdings at the closing date of the Transactions, the preliminary purchase price allocations have resulted in a bargain purchase gain.

Note 3 Acquisition Pro Forma Adjustments

(a) Reflects the adjustments to cash as follows:

		(in thousands)
Cash paid for Fund of Funds purchase	$	(10,370)(1)
Tax obligation distribution		(9,000)(2)
Excluded cash		(500)(3)
Total	$	(19,870)

(1) Represents payment of $10.4 million related to the purchase of the remaining 50% interest in the Ramius fund of funds business

(2) Represents $2.4 million of capital withdrawals made immediately prior to the closing of the Transactions in connection with the satisfaction of tax obligations associated with the vesting of various partnership interests as a result of the Transactions and an aggregate of $6.6 million of capital withdrawals made immediately prior to the closing by Messrs. Cohen and Stark and BA Alpine Holdings, Inc., each of which will result in a reduction of the members' equity of Ramius. See Note 3(j).

(3) Represents the cash amount of Ramius's excluded assets, which Ramius is retaining in order to pay ongoing operating expenses, such as audit fees.

(b) Represents the adjustment to eliminate Cowen Holdings's historical goodwill. The Transactions are expected to result in negative goodwill of $2.3 million which is recognized as a gain upon the closing of the Transactions.

(c) As of September 30, 2009, the estimated fair value of Cowen Holdings's intangible assets (other than goodwill) is $17.0 million (representing a $16.8 million increase in value over Cowen Holdings's historical intangible assets). The preliminary allocations included in the unaudited pro forma combined financial data are as follows:

		Estimated Intangible Assets Acquired (in thousands)	Estimated average remaining useful lives (years)
Intangible asset class			
Trade name and trademarks	$	9,400	7.5
Customer relationships		6,800	4.0
Customer backlog		800	1.2

Total intangible assets	$	17,000

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 3 Acquisition Pro Forma Adjustments (Continued)

(d) Adjustments to other assets are comprised of:

		(in thousands)
Deferred taxes	$	1,633(1)
Exchange memberships mark-down		(105)(2)
Total	$	1,528

FoF adjustment

(1) Represents a $1.6 million net increase related to (a) the adjustments in deferred tax assets and current taxes receivable stemming from the pro forma adjustments made to loss before taxes, (b) a net deferred tax asset established following the change in tax status of Ramius from a partnership to a corporation as a result of the Transactions and (c) a full valuation allowance recognized against the Ramius deferred tax assets.

(2) Represents an adjustment to Cowen Holdings's exchange memberships included in other assets, which have historically been carried at cost. This adjustment represents the estimated $0.1 million mark-down to fair value on those memberships.

(e) Adjustments to compensation payable are as follows:

		(in thousands)
Deferred cash awards acceleration	$	5,780(1)
Payment to Mr. Malcolm		1,500(2)
Payment to certain Cowen employees		1,200(3)
Ramius partnership awards		(2,888)(4)
Total	$	5,592

(1) Reflects accelerated vesting of $5.8 million of deferred cash awards granted to certain of Cowen Holdings's employees due to change in control provisions in the relevant deferred cash award agreements that was triggered by the transactions. The actual payments under the deferred cash awards will occur on the vesting schedule in such agreements (one third on each of May 15, 2010, 2011 and 2012).

(2) Represents a cash payment of $1.5 million made to Mr. Malcolm at closing. This payment was made pursuant to the terms of Mr. Malcolm's new employment agreement. The payment amount relates to Mr. Malcolm's waiver of certain change in control rights and potential payments under his existing employment agreement with Cowen Holdings.

(3) Represents cash payments to certain Cowen Holdings employees, the entitlement to which was triggered by the change in control.

(4) Represents the previously accrued portion of Ramius partnership awards that vested as a result of the transactions. Upon vesting of these partnership interests, the existing liability related to the unvested balances will be reclassified to members' capital, net of any cash payments made to the employee to satisfy tax obligations.

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 3 Acquisition Pro Forma Adjustments (Continued)

(f) Reflects adjustments to accounts payable, accrued expenses and other liabilities as follows:

	(in thousands)
Unfavorable lease liability	$ 16,914[(1)]
Contingent investment banking fees	7,250[(2)]
Deferred and non-income based taxes	2,403[(3)]
Total	$ 26,567

(1) Represents an estimated net impact of an unfavorable lease liability of $17.8 million related to certain of Cowen Holdings's real estate leases that were at higher than market rates at the closing date, partially offset by the removal of a previously existing rent reserve of $0.9 million.

(2) Represents Ramius's and Cowen Holdings's estimated contingent investment banking fees. The non-contingent portion of the transaction costs of approximately $10.4 million is being expensed as incurred.

(3) Represents an increase to other liabilities related to the adjustment of deferred tax liabilities stemming from the pro forma adjustments made to loss before taxes and an adjustment for non-income based taxes.

(g) Reflects Ramius's contribution of historical redeemable members' equity to the equity of the Company.

(h) Reflects the adjustment to remove the 50% noncontrolling interest in the Ramius fund of funds business that was acquired by the combined entity as part of the transactions.

(i) Reflects the adjustments to total stockholders' equity as follows:

	(in thousands)
Estimated purchase consideration paid for Cowen Holdings	$ 114,071[(1)]
Historical stockholders' equity of Cowen Holdings	(127,685)[(2)]
Ramius's contributed equity	301,628[(3)]
Dividend to Ramius's members	(9,000)[(4)]
Ramius's change of control vesting	2,888[(5)]
Excluded cash	(500)[(6)]
Ramius Fund of Funds capital effect	3,513[(7)]
Estimated contingent investment banking fees	(7,250)[(8)]

Deferred tax adjustments		(770)[9]
Estimated bargain purchase gain ("negative goodwill") on transactions		2,350[10]
Total	$	279,245

(1) Represents the estimated purchase consideration paid to Cowen Holdings stockholders in the Transactions.

(2) Represents the elimination of the historical equity of Cowen Holdings.

(3) Represents Ramius's contribution of historical redeemable members' equity to the equity of Cowen Group.

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 3 Acquisition Pro Forma Adjustments (Continued)

(4)
Represents Ramius cash excluded from the Transactions (treated as a reduction of Ramius's historical members' capital contributed). Immediately prior to closing of the Transactions, $2.4 million of capital withdrawals was made in connection with the satisfaction of tax obligations associated with the vesting of various partnership interests as a result of the Transactions and an aggregate of $6.6 million of capital withdrawals by Messrs. Cohen and Stark and BA Alpine Holdings, Inc.

(5)
Represents the amount of compensation liability of Ramius associated with partnership interest awards that were reclassified to equity as a result of vesting caused by the Transactions.

(6)
Represents the cash amount of Ramius's excluded assets which Ramius is retaining in order to pay ongoing operating expenses, such as audit fees.

(7)
Represents the issuance of common shares for the purchase of the remaining 50% of the fund of funds business, and the equity effect of that purchase accounted for under FASB accounting standards as follows:

	(in thousands)
Fair value of shares issued for purchase	$ 20,490[(a)]
Equity effect of purchase	(16,977)[(b)]
Net impact on stockholders' equity	$ 3,513

(a)
Based on the estimated Cowen Holdings share price of $7.55 multiplied by the 2,713,882 issued to HVB.

(b)
Represents the excess of the estimated purchase consideration over the carrying value of the noncontrolling interest. This amount is treated as a capital transaction and debited to equity (as opposed to goodwill) in accordance with FASB accounting standards, as Ramius already owned a controlling interest in the fund of funds business. The calculation of the excess is as follows:

	(in thousands)
Fair value of shares issued	$ 20,490
Cash consideration paid	10,370
Total purchase consideration	30,860
Less: Carrying value of 50% noncontrolling interest purchased	(13,883)
Excess of purchase consideration over carrying value of noncontrolling interest purchased	$ 16,977

(8)
Reflects Ramius's and Cowen Holdings's estimated contingent investment banking fees of $7.3 million. The non-contingent portion of the costs of approximately $10.4 million is being expensed as incurred.

(9)

Represents (a) the adjustments to deferred tax assets and current taxes receivable stemming from the pro forma adjustments made to loss before taxes, (b) a net deferred tax asset established following the change in tax status of Ramius from a partnership to a

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Notes to Unaudited Pro Forma Combined Financial Statements (Continued)

Note 3 Acquisition Pro Forma Adjustments (Continued)

corporation as a result of the transactions, (c) a full valuation allowance recognized against the Ramius deferred tax assets and an adjustment for non-income based taxes.

(10) Represents the estimated bargain purchase gain ("negative goodwill") under the acquisition method, is recognized as a day one gain of the combined entity.

(j) Reflects the amortization of compensation expenses resulting from a one-time award of $25.0 million in equity to certain key employees of Ramius in connection with the transactions. This award will vest over a three-year period, with 50% of the awards vesting on each of the second and third anniversaries of the closing of the Transactions. Cowen Group will recognize the award as compensation expense each year in relation to the services received over the requisite service period pursuant to FASB accounting standards. Also reflects an adjustment to the base compensation and stock based compensation of two employees who entered into new employment agreements in connection with the Transactions.

(k) Reflects amortization of the unfavorable lease obligation described in (f) above over the remaining lease terms.

(l) Reflects amortization expense related to the estimated intangible assets recognized in connection with the Transactions, less the historical intangible asset amortization actually recognized for the period.

(m) Reflects an adjustment for non-income-based taxes.

(n) Reflects the impact on current and deferred taxes of pro forma adjustments made to loss before taxes and the corresponding effect on the valuation allowance already recorded by Cowen Holdings and Ramius.

(o) Ramius's historical pro forma EPS has been calculated assuming the 37,536,826 shares of our Class A common stock that Ramius received upon closing of the Transactions were outstanding from the beginning of the period. Cowen Holdings's EPS represents the actual results reported for that period.

(p) Reflects the adjustment necessary to arrive at the shares outstanding assuming the Transactions closed at the beginning of the periods presented. Primarily represents shares issued to HVB for the acquisition of the remaining interest in the fund of funds business and Cowen Holdings restricted share holders whose awards vested upon closing. See (r) below for further explanation.

(q) Reflects the pro forma net loss for the Company divided by the pro forma weighted average shares outstanding for the Company.

(r) Reflects the total shares of the Company to be issued in connection with the Transactions. As the unaudited pro forma combined statements of operations assume that the Transactions occurred as of the beginning of the period presented, all 55,135,000 shares of our Class A common stock are assumed to be outstanding for the entire period for the pro forma net loss per share calculation of Cowen Group. No adjustments have been made for the dilutive effects as the effects of outstanding restricted stock and awards would be anti-dilutive.

(s) Reflects an adjustment to remove the $50.0 million historical goodwill impairment charge of Cowen Holdings. Had the transactions been completed at the beginning of the period presented, the historical goodwill of Cowen Holdings would have been eliminated as part of the purchase price allocation.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF THE COMPANY

As the acquirer, for accounting purposes, in the Transactions, RCG (which prior to the consummation of the Transactions operated the Ramius business) is the Company's accounting predecessor and its financials are considered the historical financials for the Company. The following tables present the selected historical consolidated financial data of RCG regarding its business and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company" and the consolidated financial statements and related footnotes of the Company, RCG and Cowen Holdings included elsewhere in this prospectus. The following selected consolidated historical financial data of the Company has been derived from the historical audited consolidated financial statements and related notes of RCG, the Company's accounting predecessor, for the years ended December 31, 2008, 2007 and 2006 and the unaudited condensed consolidated financial statements and related notes for the nine months ended September 30, 2009 and 2008.

	Nine Months Ended September 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
			(in thousands)				
Consolidated Statements of Operations Data:							
Revenues							
Management fees	$ 31,408	$ 56,443	$ 70,818	$ 73,950	$ 65,635	$ 65,592	$ 48,006
Incentive income	177			60,491	81,319	24,771	37,847
Interest and dividends	225	1,443	1,993	16,356	17,189	9,217	8,921
Reimbursement from affiliates	7,832	11,675	16,330	7,086	4,070		
Other Revenues	2,265	4,737	6,853	5,086	8,038	8,201	4,879
Consolidated Ramius Funds and certain real estate entities revenues	12,312	26,165	31,739	25,253	35,897	15,325	(158)
Total revenues	$ 54,219	$ 100,463	$ 127,733	$ 188,222	$ 212,148	$ 123,106	$ 99,495
Expenses							
Employee compensation and benefits	50,869	67,703	84,769	123,511	112,433	76,971	69,866
Non-compensation expense (excluding goodwill impairment)	38,070	37,929	54,856	79,020	54,277	46,406	26,440
Goodwill impairment			10,200				
Consolidated Ramius Funds and certain real estate entities expenses	11,831	27,040	34,268	21,014	39,300	24,449	710
Total expenses	$ 100,770	$ 132,672	$ 184,093	$ 223,545	$ 206,010	$ 147,826	$ 97,016
Other income (loss)							
Net gain (loss) on securities, derivatives and other investments	(2,702)	800	(2,006)	94,078	54,765	67,000	47,419
Consolidated Ramius Funds and certain real estate entities net gains (losses)	25,268	(85,523)	(198,485)	84,846	78,656	61,019	1,961
Total other income (loss)	$ 22,566	$ (84,723)	$ (200,491)	$ 178,924	$ 133,421	$ 128,019	$ 49,380
Income (loss) before income taxes	(23,985)	(116,932)	(256,851)	143,601	139,559	103,299	51,859
Income tax expense (benefit)	(5,978)	738	(1,301)	1,397	4,814	1,304	717
Net income (loss)	(18,007)	(117,670)	(255,550)	142,204	134,745	101,995	51,142
Net Income (loss) attributable to non-controlling interests in consolidated subsidiaries	13,888	(52,176)	(113,786)	66,343	74,189	53,439	900
				26,551	21,195	15,961	18,523

Special allocation to the Redeemable Managing Member							
Net income (loss) available to all Redeemable Members	**$ (31,895)**	**$ (65,494)**	**$ (141,764)**	**$ 49,310**	**$ 39,361**	**$ 32,595**	**$ 31,719**

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF THE COMPANY

	As of September 30, 2009	As of December 31, 2008	2007	2006	2005	2004
	(in thousands)					
Consolidated Statements of Financial Condition Data:						
Total assets	$ 681,895	$ 797,831	$ 2,113,532	$ 2,468,195	$ 1,833,789	$ 1,702,809
Total liabilities	113,025	182,003	1,430,029	1,657,992	1,095,805	1,477,469
Redeemable non-controlling interests in consolidated subsidiaries	267,242	284,936	203,523	514,761	482,801	19,119
Total redeemable members' capital	$ 301,628	$ 330,892	$ 479,980	$ 295,442	$ 255,183	$ 206,221

The following table presents unaudited quarterly results of operations for 2009, 2008 and 2007. These quarterly results reflect all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results. Revenues and net income (loss) can vary significantly from quarter to quarter due to the nature of the Ramius's business activities.

SUPPLEMENTAL QUARTERLY CONSOLIDATED FINANCIAL INFORMATION (Unaudited)

The following is unaudited summary information on Ramius's quarterly operations:

	Quarter Ended March 31	June 30	September 30	December 31	Year Ended December 31
2009					
Total revenues	$ 20,725	$ 17,032	$ 16,462		
Net Income (loss)	(11,203)	(10,818)	4,014		
Net Income (loss) attibutable to non-controlling interests in consolidated subsidiaries	(2,404)	6,393	9,899		
Special allocation to the Redeemable Managing Member					
Net income (loss) available to all Redeemable Members	$ (8,799)	$ (17,211)	$ (5,885)		
EPS data based on net income (loss)	N/A	N/A	N/A	N/A	N/A
2008					
Total revenues	$ 29,813	$ 33,831	$ 36,819	$ 27,270	$ 127,733
Net Income (loss)	(35,434)	28,740	(110,976)	(137,880)	(255,550)
Net Income (loss) attibutable to non-controlling interests in consolidated subsidiaries	(13,175)	9,786	(48,787)	(61,610)	(113,786)
Special allocation to the Redeemable Managing Member					
Net income (loss) available to all Redeemable Members	$ (22,259)	$ 18,954	$ (62,189)	$ (76,270)	$ (141,764)
EPS data based on net income (loss)	N/A	N/A	N/A	N/A	N/A
2007					
Total revenues	$ 70,683	$ 79,081	$ 19,480	$ 18,978	$ 188,222
Net Income (loss)	68,305	76,713	4,178	(6,992)	142,204
Net Income (loss) attibutable to non-controlling interests in consolidated subsidiaries	22,166	31,172	9,453	3,552	66,343
Special allocation to the Redeemable Managing Member	16,149	15,939	(1,846)	(3,691)	26,551
Net income (loss) available to all Redeemable Members	$ 29,990	$ 29,602	$ (3,429)	$ (6,853)	$ 49,310
EPS data based on net income (loss)	N/A	N/A	N/A	N/A	N/A

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF COWEN HOLDINGS

The following tables present the selected historical consolidated financial data of Cowen Holdings regarding its business and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings" and the consolidated financial statements and related footnotes of the Company, RCG and Cowen Holdings included elsewhere in this prospectus. The following selected consolidated historical financial data of Cowen Holdings has been derived from the historical audited consolidated financial statements and related notes of Cowen Holdings for the years ended December 31, 2008, 2007 and 2006 and the unaudited condensed consolidated financial statements and related notes for the nine months ended September 30, 2009 and 2008.

	Nine Months Ended September 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
			(in thousands, except per share data)				
Consolidated Statements of Operations Data:							
Revenues							
Investment banking	$ 28,917	$ 45,733	$ 50,937	$ 90,520	$ 164,342	$ 126,253	$ 113,795
Brokerage	103,773	116,607	149,901	158,720	159,879	145,700	164,188
Interest and dividend income	367	2,814	3,362	8,284	17,766	16,990	9,504
Other	8,625	10,543	13,181	4,045	2,980	5,348	5,574
Total revenues	141,682	175,697	217,381	261,569	344,967	294,291	293,061
Expenses							
Employee compensation and benefits	98,920	106,835	133,891	177,948	215,707	172,128	170,546
Goodwill impairment		50,000	50,000				
Non-compensation expense (excluding goodwill impairment)[1]	66,288	74,792	98,257	103,226	112,644	109,848	63,533[2]
Total expenses	165,208	231,627	282,148	281,174	328,351	281,976	234,079
Operating (loss) income	(23,526)	(55,930)	(64,767)	(19,605)	16,616	12,315	58,982
Gain (loss) on exchange memberships		609	751	1,775	25,843	918	(1,993)
(Loss) income before income taxes	(23,526)	(55,321)	(64,016)	(17,830)	42,459	13,233	56,898
Provision (benefit) for income taxes	565	6,441	8,081	(6,509)	4,548	1,152	1,877
Net (loss) income	$ (24,091)	(61,762)	$ (72,097)	$ (11,321)	$ 37,911	$ 12,081	$ 55,112
Less: net income attributable to noncontrolling interests	189		57				
Net (loss) income attributable to Cowen Holdings	$ (24,280)	$ (61,762)	$ (72,154)	$ (11,321)	$ 37,911	$ 12,081	$ 55,112
Earnings (loss) per share:							
Weighted average common shares outstanding:							
Basic	11,709	11,251	11,254	12,805	12,903	12,900	12,900
Diluted	11,709	11,251	11,254	12,805	12,966	12,900	12,900
Earnings (loss) per share:							
Basic	$ (2.07)	$ (5.49)	$ (6.41)	$ (0.88)	$ 2.94	$ 0.94	$ 4.27
Diluted	$ (2.07)	$ (5.49)	$ (6.41)	$ (0.88)	$ 2.92	$ 0.94	$ 4.27

(1) Includes floor brokerage and trade execution, net service fees, communications, occupancy and equipment, marketing and business development, depreciation and amortization and other expenses.

(2) Includes a net benefit of $46.9 million related to accruals for insurance recoveries and the net reversal of previously accrued reserves.

	September 30, 2009	As of December 31, 2008	2007	2006	2005	2004
Consolidated Statements of Financial Condition Data:						
Total assets	$ 192,189	$ 207,498	$ 349,038	$ 684,438	$ 785,339	$ 820,350
Total liabilities and minority interest	64,504	65,383	140,383	466,310	411,388	466,872
Total stockholder's equity (2009-2006) and group equity (2005 and 2004)	$ 127,685	$ 142,115	$ 208,655	$ 218,128	$ 373,951	$ 353,478

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

This discussion contains forward looking statements, which involve numerous risks and uncertainties, including, but not limited to, those in the section titled "Risk Factors" beginning on page 11 of this prospectus. This Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the consolidated financial statements and related notes of RCG (the Company's accounting predecessor) and Cowen Holdings included elsewhere in this prospectus. Actual results may differ materially from those contained in any forward looking statements.

Recently Completed Transactions

Cowen Group, Inc. is a new holding company formed in connection with the business combination of Ramius and Cowen Holdings. On November 2, 2009, the Transactions were consummated including (1) the merger of Lexington Merger Corp. with and into Cowen Holdings, pursuant to which each outstanding share of common stock of Cowen Holdings was converted into one share of Class A common stock of the Company and (2) the transfer by RCG of substantially all of its assets and liabilities to Ramius in exchange for the issuance by the Company to RCG of 37,536,826 shares of Class A common stock of the Company. Following the consummation of the Transactions, Cowen Group is the parent company of both Ramius and Cowen Holdings and RCG held approximately 66.56% of the Company's Class A common stock as of November 2, 2009. RCG's managing member is controlled by certain members of the Company's senior management team. Prior to the consummation of the Transactions, the Company did not conduct any material activities other than those incidental to its formation and the matters contemplated by the Transaction Agreement. Concurrently with the completion of the Transactions described above, HVB received 2,713,882 shares of Class A common stock of the Company and approximately $10.4 million in cash in exchange for transferring to Cowen Holdings the 50% interest in Ramius Alternative Solutions, Ramius's fund of funds business, not already owned by Ramius.

The business combination between Ramius and Cowen Holdings was accounted for as an "acquisition" by Ramius of Cowen Holdings, as that term is used under generally accepted accounting principles in the U.S., for accounting and financial reporting purposes. As a result, the historical financial statements of Ramius (the business of which was operated by RCG, the Company's accounting predecessor, prior to the consummation of the Transactions) have become the historical financial statements of Cowen Group. Accordingly, the financial statements of Cowen Group included in this prospectus as of December 31, 2008 and September 30, 2009 and for the three and nine month periods ending September 30, 2009 are Ramius's historical financial statements and do not reflect the historical financial position or results of operations of Cowen Holdings. Similarly, the discussion in this "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company" relate to Ramius's financial condition and results of operations and do not reflect the financial condition or results of operations of Cowen Holdings. The historical financial statements of Cowen Holdings as of and for the period ending September 30, 2009 and as of and for periods ending prior to September 30, 2009 and the historical Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings have been included elsewhere in this prospectus. In addition, unaudited pro forma condensed consolidated financial statements of Cowen Group giving effect to the Transactions described above have also been included elsewhere in this prospectus. See "Unaudited Pro Forma Condensed Consolidated Financial Statements."

The assets and liabilities of Cowen Holdings were, as of November 2, 2009, recorded at their respective fair values and added to those of Ramius. The financial statements of the Company that include periods after November 2, 2009 will reflect such fair values and will not be restated retroactively to reflect the historical financial position or results of operations of Cowen Holdings. For periods after November 2, 2009, the results of operations of Cowen Holdings will be included in the results of operations of the Company.

Business Overview

Prior to the consummation of the Transactions, the Company conducted its operations through one reportable segment, the alternative investment management segment, which provides management services to its hedge funds, fund of funds, real estate and other investment platforms. After the combination of Ramius and Cowen Holdings, the Company conducts its operations through two segments: an alternative investment management segment and an investment banking segment. The Company's alternative investment management business is conducted primarily through Ramius, its wholly owned subsidiary (the business of which was operated by RCG, the Company's accounting predecessor, prior to the consummation of the Transactions). For purposes of this historical discussion of the business of the Company as of September 30, 2009 and for prior periods, the Company's business is that of Ramius, the business of which was operated by RCG, the Company's accounting predecessor. For a discussion of the historical results of the Company's investment banking business see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings."

We operate our alternative investment management business primarily through Ramius, our wholly owned subsidiary. Our alternative investment management business had approximately $7.9 billion of assets under management as of October 1, 2009, after giving pro forma effect to the consummation of the Transactions. The predecessor to this business was founded in 1994 and, through one of its subsidiaries, has been a registered investment adviser under the Investment Advisers Act since 1997. Our alternative investment management products and services include hedge funds, fund of funds, real estate, health care royalty funds and cash management services. Our institutional investors include pension funds, insurance companies, banks, foundations and endowments, wealth management organizations and family offices.

Ramius's hedge fund and fund of funds platforms have historically sought to deliver consistent, risk-adjusted returns throughout a market cycle (which Ramius generally views as approximately three to five years). In these platforms, Ramius seeks positive performance with minimal correlation to directional market indices. Risk-adjusted returns refer to positive returns with lower volatility as compared to traditional asset classes such as equities.

Factors Affecting Our Alternative Investment Management Business

Our alternative investment management business and results of operations are impacted by the following factors:

Assets under management. Ramius's revenues from management fees are directly linked to assets under management. As a result, its future performance will depend on, among other things, its ability to retain assets under management and to grow assets under management from existing and new products. In addition, positive performance increases assets under management which results in higher management fees.

Investment performance. Ramius's revenues from incentive income are linked to the performance of the funds and accounts that Ramius manages. Performance also affects assets under management because it influences investors' decisions to invest assets in, or withdraw assets from, the funds and accounts managed by Ramius.

Fee and allocation rates. Ramius's management fee revenues are linked to the management fee rates it charges as a percentage of assets under management. Its incentive income revenues are linked to the incentive allocation rates Ramius charges as a percentage of performance driven asset growth. Ramius's incentive allocations are subject to "high-water marks," whereby incentive

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income is generally earned by Ramius only to the extent that the net asset value of a fund at the end of a measurement period exceeds the highest net asset value as of the end of the preceding measurement period for which Ramius earned incentive income. Ramius's incentive allocations are also subject, in some cases, to performance hurdles.

Investment performance of Ramius's own capital. We invest our own capital and the performance of such invested capital affects our revenues. As of September 30, 2009, Ramius had an investment of approximately $276 million in Enterprise, an entity which invests its capital in Enterprise Fund. The Enterprise Fund is a multi-strategy fund that invests in all of Ramius's alternative investment strategies, with additional exposure to certain less liquid investments including real estate, private equity, private debt, and energy investments. Immediately following the consummation of the Transactions, Ramius transferred interests in Enterprise having a value of approximately $190 million to Cowen Group. The discussion in this section does not reflect this transfer. Most of Ramius's return on its own invested capital is derived from its investment in the Enterprise Fund, with such income directly dependent on the performance of the Enterprise Fund.

Personnel, systems, controls and infrastructure. Ramius's ability to grow assets under management and produce positive performance depends on its ability to attract, retain and motivate investment and other professionals. Its business requires significant investment in its fund management platform, including infrastructure and back-office personnel.

In addition, our alternative investment management business and results of operations may be affected by a number of external market factors. These include global asset allocation trends, regulatory developments and overall macroeconomic activity. Due to these and other factors, its operating results may reflect significant volatility from period to period. Ramius was affected by the conditions impacting the global financial markets and the hedge fund industry during 2008, which was characterized by substantial declines in investment performance and unanticipated levels of requested redemptions. Investors sought liquidity wherever it could be obtained, often due to liquidity constraints within their own organizations. As was generally the case on an industry-wide basis, during 2008 Ramius's funds experienced negative investment performance and increased redemptions. Ramius's assets under management declined from $12.9 billion as of December 31, 2007 to $7.1 billion as of October 1, 2009. After a very challenging period during the first quarter of 2009, market conditions subsequently stabilized and then began to improve. While there have been net redemptions in the industry for much of the year, investors' need for capital has become less acute. Although we remain cautious, we believe the pace of redemptions may be slowing with calendar 2009 coming to a close, as investors adjust their asset allocations looking forward to 2010. The variability of redemptions affects our alternative investment management business, and it is always possible that Ramius could intermittently experience redemptions above historical levels, regardless of fund performance. These conditions will continue to affect our alternative investment management business, and as other alternative investment managers continue to restrict fund investor liquidity, it is possible that we could continue to experience elevated redemptions relative to historic levels, regardless of fund performance. However, we believe the diversity of our alternative investment management products and services as well as the strength of our institutional platform, supported by our own capital, should benefit us throughout this period.

For a discussion of the factors affecting our investment banking business see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings."

Understanding Our Results

Assets Under Management and Investment Performance

The principal drivers of the results of our alternative investment management business are assets under management and investment performance. Delivering positive fund performance that is

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consistent with its investors' objectives is the principal determinant of the long-term success of our alternative investment management business as it enables us to grow assets under management organically, generate investment returns on our own invested capital, should enable us to attract new capital and minimize redemptions by our fund investors. Conversely, poor investment performance decreases our assets under management, can result in investor redemptions from its funds, generates losses on our own capital and impairs the marketability of our alternative investment management products and services.

For a discussion of the principal drivers of the results of our investment banking business see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings."

The ability of investors to contribute capital to and redeem capital from Ramius's funds can cause assets under management to fluctuate considerably from period to period. Such fluctuations also result from investment performance due to the retention and reinvestment of fund profits as well as the impact of fund losses. All of these factors impact the revenues we earn from management fees, incentive income and returns on its own capital. The need of Ramius's clients to satisfy their own liquidity requirements (especially if other managers have instituted redemption restrictions) may cause some investors to redeem investments in Ramius's funds for reasons unrelated to Ramius's performance.

Most of the Company's return on its own invested capital is derived from Ramius's investment in the Enterprise Fund, with such income directly dependent on the performance of the Enterprise Fund. As of September 30, 2009, Ramius had $276 million of its own capital invested in the Enterprise Fund. As such, the investment performance of the Enterprise Fund may have a material impact on our performance. Following the consummation of the Transactions, Ramius transferred interests in Enterprise having a value of approximately $190 million to the Company. The discussion in this section does not reflect this transfer.

Revenues

Our alternative investment management business generates revenue through three principal sources: management fees, incentive income and investment income from our own capital. The amount of revenues earned from those sources is directly related to the amount of its assets under management and the investment performance of its funds. Management fees are directly impacted by any increase or decrease in our assets under management, while incentive income is impacted by its funds' performance and any increase or decrease in assets under management. Investment income from our own capital is impacted by the performance of the funds in which its capital is invested, which is principally the Enterprise Fund.

As of September 30, 2009, Ramius owned 50% of Ramius Alternative Solutions, the Ramius fund of funds business. Although 100% of the revenues from the fund of funds business were included as revenue in Ramius's consolidated financial statements, 50% of the net income was allocated to a non-controlling interest. As described above, following the closing of the Transactions on November 2, 2009, the Company became the sole indirect owner of Ramius Alternative Solutions. Furthermore, the general partners of Ramius's real estate funds are owned jointly by Ramius and third parties with Ramius's ownership interest in the general partners of the real estate funds ranging from 30% to 55%. Accordingly, the management fees, incentive income and investment income generated by the real estate funds are split between us and the other owners of the general partners. We do not possess unilateral control over the general partners. Pursuant to GAAP, the management fees, incentive income and investment income received by the general partners are accounted for under the equity method and are reflected under other income instead of management fees, incentive income and investment income.

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Management Fees. Ramius earns management fees based on its assets under management. The actual management fees received can vary depending on distribution fees or fee splits paid to third parties either in connection with raising the assets or structuring the investment. Management fees are generally paid on a quarterly basis, in arrears, at the beginning of each quarter and are prorated for capital inflows and redemptions. Accordingly, changes in Ramius's management fee revenues each quarter are influenced by changes in the applicable opening balances of assets under management, changes in average management fee rates and the relative magnitude and timing of inflows and redemptions during the respective periods. While some investors with significant investments in separately managed accounts may have separately negotiated fees, in general the management fees are as follows:

Hedge Funds. Management fees for Ramius's hedge funds are generally charged at an annual rate of up to 2% of assets under management. Management fees are generally calculated monthly based on assets under management at the end of each month before incentive allocations.

Fund of Funds. Management fees for the fund of funds are generally charged at an annual rate of up to 2% of assets under management. Management fees are generally calculated monthly based on assets under management at the beginning or end of each month before incentive allocations. The fund of funds group also takes on advisory assignments where it is typically paid a flat fee upon commencement of the assignment and an ongoing fee for the duration of the project. In each case these advisory assignment fees are negotiated directly with the client.

Real Estate Funds. Management fees from the real estate funds are generally charged by their general partners at an annual rate between 1% and 1.5% of total capital commitments during the investment period and of invested capital or net asset value of the applicable fund after the investment period has ended. Management fees are typically paid to the general partners on a quarterly basis, at the beginning of the quarter, in arrears, and are prorated for changes in capital commitments throughout the investment period and invested capital after the investment period.

Other. Management fees from Ramius's cash management services business range from annual rates of 0.08% to 0.20% of assets, based on the average daily balances of the assets under management. Ramius also provides mortgage advisory services where Ramius manages collateralized debt obligations (which we refer to as CDOs) and liquidates CDOs that were historically managed by others. Since the fourth quarter of 2007, Ramius has rebated the management fees in connection with managing CDOs and Ramius's advisory fees from liquidating CDOs are usually negotiated fixed fees.

Incentive Income. Ramius earns incentive income based on the performance of the Ramius funds, fund of funds, real estate funds and managed accounts. Incentive allocations are typically between 10% and 20% for hedge funds and 10% for fund of funds, in each case based on the net realized and unrealized profits, including investment income earned for the full year that are attributable to each investor. However, many fund of funds products and some other products have no incentive allocation. Incentive income on real estate investments is earned in the year of the sale or realization of a private investment, subject to a clawback to the extent that the applicable minimum return is not generated upon the winding up of the fund. The real estate funds have incentive allocations of 20%. In order for the real estate funds to receive incentive allocations, investors in these funds must first receive a minimum return on their investments of approximately 8%. For most of Ramius's existing funds with an incentive allocation, there is a perpetual high-water mark. As a result of negative investment performance in 2008, Ramius entered 2009 with high-water marks in many hedge funds. These high-water marks require the Ramius funds to recover cumulative losses before Ramius can begin to earn incentive income in 2009 and beyond until the high-water marks are reached with respect to the investments of the fund investors who suffered losses last year. For example, the net asset value of Ramius Multi-Strategy Fund Ltd decreased by 26.76% net of management fees in 2008. This assumes no further recovery from the 80% discount that Ramius has valued the net equity claim for assets held at Lehman Brothers International (Europe) (which we refer to as LBIE). In order for Ramius to earn an incentive fee from an investor who had participated fully in this loss, the fund will have to increase net asset value by 36.5%, net of management fees (the fund has increased its net asset value 5.64% through the first nine months of 2009). Based on performance in the Ramius Multi-Strategy Fund Ltd. through the first nine months of 2009, net asset value must now increase by 29.25% before incentive fees will be earned on assets that participated fully in the 2008 loss. Such analysis applies to each fund which incurred 2008 losses. Current market conditions make it difficult to predict when Ramius may exceed these high-water marks. New capital is, however, eligible for incentive allocations based solely on performance after the investment is made. The industry is currently evolving in that many new hedge funds are being created with modified high-water marks that do not prohibit the manager from receiving an incentive allocation for an indeterminate period of time. Ramius plans to introduce modified high-water marks or other benchmarks as Ramius creates new products.

Reimbursements from Affiliates. Ramius incurs certain expenses on behalf of its operating subsidiaries, such as the real estate businesses. The expenses relate to the administration of such subsidiaries. In addition, pursuant to the funds' offering documents, Ramius charges certain allowable expenses to the funds, including charges and personnel costs for legal, compliance, accounting, tax compliance, marketing, risk and technology expenses that directly relate to administering the assets of the funds.

Other Revenue. Ramius periodically receives other revenue which is unrelated to its own invested capital or its activities on behalf of the Ramius funds. Historical sources of such other revenue primarily include certain placement fee income received by a non-wholly owned subsidiary of Ramius that engaged in the private placement of interests in the real estate funds. Ramius exited the placement agent business in the third quarter of 2009.

Consolidated Ramius Funds and Certain Real Estate Entities Revenues. Certain Ramius funds and real estate entities are consolidated with Ramius pursuant to GAAP. As such, Ramius's consolidated financial statements reflect the other revenues of these consolidated entities, and the portions that are attributable to other investors are allocated to a non-controlling interest. The realized and unrealized trading income from these consolidated entities is recognized in other income (loss) as described below.

Expenses

The expenses for our alternative investment management business consist of compensation and benefits, interest expense and general, administrative and other expenses. In 2008, Ramius decided to focus on its larger products and rationalize or eliminate those products, strategies and businesses that were less likely to attract significant assets under management or were marginal to its business. This decision has resulted in a reduction in expenses (including a reduction in compensation expenses as a result of headcount reductions of both investment professionals and support staff). Such expense reductions began in the fourth quarter of 2008 and Ramius continues to evaluate its expenses on an ongoing basis.

Compensation and Benefits. Compensation and benefits is comprised of salaries, benefits, discretionary cash bonuses and equity-based compensation. Annual incentive compensation is variable, and the amount paid is generally based on a combination of employees' performance, their contribution to the funds and separately managed accounts, and Ramius's net income. Generally, compensation and benefits comprise a significant portion of total expenses, with annual incentive compensation comprising a majority of total compensation and benefits expenses. This annual compensation expense historically has been funded by revenues, including incentive income earned at the end of a calendar year and investment returns on Ramius's own capital. As of September 30, 2008, prior to beginning headcount reductions, Ramius had 241 employees and as of September 30, 2009, Ramius had 147 employees.

Interest and Dividends. Amounts included within interest and dividend expense primarily relates to interest paid on Ramius's revolving line of credit.

General, Administrative and Other. General, administrative and other expenses are primarily related to professional services, occupancy and equipment, business development expenses, communications, insurance and other miscellaneous expenses. These expenses may also include certain one-time charges and non-cash expenses.

Consolidated Ramius Funds and Certain Real Estate Entities Expenses. Certain Ramius funds and real estate entities are consolidated with Ramius pursuant to GAAP. As such, Ramius's consolidated financial statements reflect the expenses of these consolidated entities and the portion attributable to other investors is allocated to a non-controlling interest.

Other Income (Loss)

Ramius's other income (loss) primarily consists of realized and unrealized gains or losses from the investment of its own capital and from its consolidated funds and certain non-wholly owned operating subsidiaries.

Income Taxes

Historically, Ramius operated as a limited liability company and was not subject to U.S. federal or state income taxes. However, Ramius is subject to unincorporated business income tax (which we refer to as UBT), on its trade and business activities conducted in New York, New York. The effective UBT rates vary significantly between the effective rate applicable to income from business activities and the effective rate applicable to income from investment activities. Ramius is also subject to foreign taxation on income it generates in certain countries. In the third quarter of 2009, one of the consolidated Ramius funds had an investment in reinsurance companies that generated a significant tax benefit, which is explained in more detail below. See GAAP Quarterly Comparison Income Taxes."

Non-controlling Interests

Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities.

Special Allocation to Ramius's Managing Member

In accordance with Ramius's operating agreement in effect prior to the consummation of the Transactions, Ramius's managing member was historically entitled to receive a special allocation equal to 35% of Ramius's net profits. Following the closing of the Transactions as of November 2, 2009, Ramius no longer allocates a portion of its profits to its managing member, and the principals of the managing member, in their capacities as officers of Cowen Group, instead receive compensation in the form of salaries and discretionary bonuses.

Changes in Connection with the Transactions

The changes discussed below occurred as of November 2, 2009 upon the closing of the Transactions. The impact of these changes are not reflected in the results of operations for the third quarter of 2009 discussed in this prospectus as they had not yet occurred.

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Fund of Funds Business

Prior to November 2, 2009, Ramius Alternative Solutions was operated as a joint venture between Ramius and HVB. As a result, for all periods prior to November 2, 2009 the net income with respect to the fund of funds business was distributed equally to Ramius and HVB. On November 2, 2009, we purchased HVB's interest in Ramius Alternative Solutions in exchange for approximately 2.7 million shares, or 4.9%, of the Company's outstanding Class A common stock and approximately $10.4 million of cash. As a result, Cowen Group is now, indirectly, the sole owner of Ramius Alternative Solutions, the fund of funds business, and HVB will no longer participate directly in the fund of funds net income.

Special Allocation to the Managing Member

As described above, following the closing of the Transactions as of November 2, 2009, Ramius no longer allocates a portion of its profits to its managing member.

Employee Ownership Program

Ramius sponsors an employee ownership plan (which we refer to as the REOP program) for certain key employees at Ramius. The REOP program provides for the granting of equity interests in Ramius to certain participants, or equity REOP. Other participants have been granted non-equity awards which track the returns of an equity interest in Ramius, or phantom REOP. The equity REOP and phantom REOP awards which were awarded prior to the Transactions (other than the transaction REOP grants discussed below) vested upon the closing of the Transactions. More specifically, upon the closing of the Transactions, $3.3 million in outstanding equity and phantom REOP vested, of which $0.8 million will be paid out in cash with respect to equity REOP to fund certain tax withholding requirements, $1.8 million in outstanding equity REOP was converted to ownership interests in Ramius and $0.8 million in outstanding phantom REOP vested, and which was paid out in cash.

Ramius Alternative Solutions also sponsors an employee profit participation plan (which we refer to as the RAPP program) for certain key employees at Ramius Alternative Solutions. The RAPP program provides for the granting of equity interests in related entities with the initial grant values based on a certain percentage of profits of the fund of funds business. In years that awards are granted, one half of the amount granted represents equity units in one of the consolidated fund of funds products managed by Ramius Alternative Solutions chosen by senior management and the other half of the amount granted represents equity units of Ramius. Upon the closing of the Transactions, $2.8 million in outstanding RAPP awards vested, of which $0.7 million was paid out in cash to fund certain tax withholding requirements, $1.0 million was converted to ownership interests in Ramius and $1.0 million was converted to ownership interests in certain fund of funds platforms.

In connection with the Transactions, Ramius awarded equity REOP (which corresponded to an aggregate of 2,859,426 of the shares of Class A common stock RCG received in the Transactions) to certain key employees, or the "transaction REOP." The transaction REOP is a one-time award which will vest over a three-year period, with 50% of the awards vesting on each of the second and third anniversaries of the closing of the transactions. The Company will recognize the transaction REOP as compensation expense each year in relation to the services received over the requisite service period.

Income Taxes

As of the closing of the Transactions, the Company is subject to U.S. federal, state and local income tax on its income. The Company's carrying value of the Ramius business is higher for income tax purposes than for financial reporting purposes. The net deferred tax asset that will be recognized for this difference will be limited to the tax benefit expected to be realized in the foreseeable future. This benefit will be estimated based on a number of factors, especially the amount of unrealized gains

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in all of the net assets of the combined company existing for tax purposes at the date of the transaction that are actually expected to be realized, for tax purposes, in the foreseeable future. If the unrealized gains at the date of the closing of the Transactions that will be realized in the future increase or decrease, deferred income tax expense or benefit will be recognized accordingly.

Assets Under Management and Fund Performance

Assets Under Management

Assets Under Management. The following table sets forth our assets under management as of October 1, 2009 across our alternative investment management products and services, without giving pro forma effect to the Transactions:

Platform		Total Assets under Management	Primary Strategies
		(dollars in millions)	
Hedge Funds	$	1,919(1)	Multi-Strategy Single Strategy
Fund of Funds(2)		2,017	Ramius Multi-Strategy Ramius Vintage Multi-Strategy Ramius Customized Solutions
Real Estate(3)		1,628(4)	Debt Equity
Other		1,526	Cash Management Mortgage Advisory
Total	$	7,090(5)	

(1) This amount includes our own invested capital of approximately $276 million as of September 30, 2009.

(2) As discussed above, as of October 1, 2009, HVB owned 50% of Ramius Alternative Solutions, the fund of funds business. As of November 2, 2009, the Company acquired HVB's interest in Ramius Alternative Solutions.

(3) As discussed above, Ramius owns between 30% and 55% of the general partners of the real estate business. We do not possess unilateral control over any of these general partners.

(4) This amount reflects committed capital.

(5) This does not reflect $806 million of assets under management in the CHRP Funds. Following the closing of the Transactions, CHRP became part of the alternative investment management business.

Ramius typically accepts new investors and additional investments from existing investors into its funds on a monthly basis. Investors in Ramius's hedge funds and fund of funds, but not cash management accounts or real estate, generally have the right to redeem their interests on a quarterly basis, after providing the required advanced notice which typically ranges from thirty to 120 days. However, depending on the investment strategy, some products have less frequent redemption periods, such as annual or semi-annual. The funds generally have a lock-up period of one year or more from the date of investment during which time redemptions can only be made upon payment of a fee ranging from 1% to 5% of the amount being redeemed. Investors in the Enterprise Fund, however, only have the right to redeem their interests after a two-year period upon providing 120 days' notice. If

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an investor in the Enterprise Fund does not provide notice, the investor would then be subject to another two-year lock-up period with respect to investments in the Enterprise Fund. Investors in Ramius's real estate funds are required to meet capital calls over a designated investment period to the extent of their previously agreed capital commitments and redemptions are generally not permitted. Investors in Ramius's cash management accounts may freely withdraw capital from such accounts.

The following table sets forth the changes to our alternative investment management business's assets under management, which, since 2007, has included Ramius's investment in the Enterprise Fund:

	Year ended December 31,			Three months ended October 1,	Nine months ended October 1,
	2006	2007	2008	2009	2009
	(dollars in thousands)				
Beginning Assets under Management	$ 8,810,398	$ 9,592,135	$ 12,900,355	$ 7,394,095	$ 9,765,230
Net Subscriptions (Redemptions)	46,484	2,601,939	(1,066,714)	(484,624)	(2,947,067)
Net Performance[(1)]	735,253	706,281	(2,068,411)	180,956	272,264
Ending Assets under Management	$ 9,592,135	$ 12,900,355	$ 9,765,230	$ 7,090,427	$ 7,090,427

(1) Net performance reflected is representative of the net return of the most recently issued full fee paying class of fund interests offered to investors. The net returns are net of all management and incentive fees, and are calculated monthly based on the change in an investor's current month ending equity as a percentage of their prior month's ending equity, adjusted for the current month's subscriptions and redemptions. Such returns are compounded monthly in calculating the final net year to date return. Included in net performance is the effect of any foreign exchange translation adjustments.

Assets under management declined substantially during 2008 due primarily to substantial declines in investment performance and unanticipated levels of redemptions related to the unprecedented global financial market conditions, particularly during the second half of 2008. Our alternative investment management business has been adversely affected by these global market conditions. As a result, the investment returns in the funds were adversely affected, most significantly in the second half of 2008.

Assets under management as of October 1, 2009 were $7.09 billion, a decrease of $2.68 billion from December 31, 2008, comprised of investor inflows of $943 billion, investor outflows of $3.89 billion and performance related appreciation of $272 million. Ramius believes the redemptions were investors' response to the continuing global financial crisis and the decline in fund performance. Ramius believes its assets under management will continue to experience net outflows for the near term. As a result, Ramius expects that management fees will be lower in future quarters compared to prior periods until assets under management begin to increase. In addition, due to the high-water marks set in 2008, Ramius may not earn incentive income in 2009 and beyond until the high-water marks are reached with respect to the investments of the fund investors who suffered losses last year.

In 2008, the decrease in assets under management was driven by net outflows of $1.07 billion, comprised of $3.57 billion of inflows and $4.64 billion of outflows, including $1.38 billion in inflows and $1.34 billion in outflows from cash management accounts as well as an $83.0 million inflow from an additional investment made by Ramius into the Enterprise Fund. In 2007, growth in assets under management was driven by net inflows of $2.60 billion, comprised of $5.87 billion of inflows and $3.27 billion of outflows, including $2.03 billion in inflows and $1.89 billion in outflows from cash management accounts as well as a $266.4 million inflow from Ramius's initial investment in the Enterprise Fund. In 2006, growth in assets under management was driven by net inflows of $46.5 million, comprised of $3.10 billion of inflows and $3.05 billion of outflows, including $1.36 billion in inflows and $1.19 billion in outflows from cash management accounts.

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Fund Performance

Performance information for Ramius's most significant funds is included throughout this discussion and analysis to facilitate an understanding of its results of operations for the periods presented. The performance information reflected in this discussion and analysis is not indicative of the future results of any particular fund. An investment in Cowen Group's shares is not an investment in any of Ramius's funds. There can be no assurance that any of the specified funds or Ramius's other existing or future funds will achieve similar results.

The table below sets forth performance information for the three month periods ending September 30, 2009 and 2008, the nine month period ending September 30, 2009 and the years ending December 31, 2008, 2007 and 2006 for Ramius's funds with assets greater than $200 million as well as information with respect to Ramius's largest single-strategy hedge fund. The performance reflected below is representative of the net return of the most recently issued full fee paying class of fund interests offered for the respective fund. The net returns are net of all management and incentive fees, and are calculated monthly based on the change in an investor's current month ending equity as a percentage of their prior month's ending equity, adjusted for the current month's subscriptions and redemptions. Such returns are compounded monthly in calculating the final net year to date return.

			Performance					
			Three months ended September 30,					
Platform	**Strategy**	**Largest Funds[1]**	**2009**	**2008**	**2009[2]**	**2008**	**2007**	**2006**
Hedge Funds	Multi-Strategy	Ramius Multi-Strategy Fund Ltd. *(Inception Jan. 1, 1996)*	3.98%	(9.77)%[3]	5.64%	(22.64)%[3]	6.05%	12.51%
		Ramius Enterprise LP *(Inception Jan. 1, 2008)*	4.41%	(11.88)%[3]	3.94%	(25.38)%[3]	24.91%[4]	13.63%[4]
	Single Strategy	Ramius Value and Opportunity Overseas Fund Ltd. *(Inception Mar. 1, 2006)*	5.70%	(3.14)%	12.07%	(20.81)%	6.34%	23.77%
Fund of Funds	Ramius Multi-Strategy	Ramius Multi-Strategy FOF Ltd. *(Inception Jan. 1, 1998)*	3.35%	(6.45)%	8.06%	(24.22)%	9.08%	6.94%
	Ramius Vintage Multi-Strategy	Ramius Vintage Multi-Strategy FOF Ltd. *(Inception Jan. 1, 2006)*	5.28%	(8.67)%	12.59%	(27.76)%	11.87%	8.99%
	Managed Accounts	Global Value Creation Portfolio with Hedging Overlay *(Inception Sept. 1, 2007)*	7.02%	(3.99)%	10.54%	(8.90)%	2.47%	na
		Low Volatility Multi-Strategy Fund *(Inception Aug. 1, 2005)*	2.56%	(6.25)%	6.05%	(18.17)%	9.41%	3.79%
Real Estate	Debt	RCG Longview Debt Fund IV, L.P. *(Inception Nov. 12, 2007)*	(3.31)%	(2.47)%	(9.09)%[5]	(8.57)%	8.34%	na
	Equity	RCG Longview Equity Fund, L.P. *(Inception Nov. 22, 2006)*	6.37%	(0.22)%	4.75%[5]	(14.85)%	(3.64)%	(18.76)%

Other	Cash Management	0.26%	0.87%	0.15%	3.67%	5.24%	5.05%

(1) Funds with assets under management greater than $200 million and Ramius's largest single-strategy fund. The inception date for a fund represents the initial date that the fund accepted capital from third party investors. As of October 1, 2009, the net assets of the funds presented above were $4.23 billion, or 59.7% of the total assets under management as of October 1, 2009 of $7.09 billion. Excluded from the table above are funds with $2.86 billion, or 40.3% of total assets under management as of October 1, 2009. These include a total of 62 smaller individual funds and managed accounts.

(2) Performance for 2009 year to date as of September 30, 2009.

(3) Performance does not reflect any decrease in valuation for LBIE assets which have been segregated. See section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation of the Company Assets Under Management and Fund Performance Fund Performance 2008 Fund Performance Lehman Brothers."

(4) Reflects returns on our own invested capital prior to the creation of the Enterprise Fund with the application to such performance of (i) an assumed annual management fee of 2% on average invested assets; (ii) an assumed annual performance fee of 20% on net income; and (iii) assumed annual estimated expenses of 0.26% on average invested assets. See section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance."

(5) Returns for each year represent net internal rates of return to limited partners after management fees and incentive allocations, if any, and are computed on a year-to-year basis consistent with industry standards. Incentive allocations are computed based on a hypothetical liquidation of net assets of each fund as of the balance sheet date. Returns are calculated for the investors as a whole. The computation of such returns for an individual investor may vary from these returns based on different management fee and incentive arrangements and the timing of capital transactions. The hypothetical liquidation value may not reflect the ultimate value that may be realized from the real estate investments, particularly given the relatively long period of time that the real estate investments may be held under the terms of the real estate fund documents.

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2009 Fund Performance

As 2009 began, market conditions remained unstable following the events of 2008, and industry-wide investor liquidity issues had yet to be resolved. For the first two months of the year and into early March, Ramius preserved capital in its funds while equity market indices declined substantially. In the second quarter, market conditions began to stabilize and directional markets improved. While the Enterprise Fund was profitable for the second quarter, the portfolio's asset mix is essentially non-directional in nature. When combined with a number of hedges still in place after the sharp market declines of 2008 and early 2009, performance would not be expected to be in line with the major market indices. The performance of Ramius's funds, however, has sequentially improved each quarter, with the third quarter being the year's strongest, as the Enterprise Fund was positive in each of the three months. Performance in the more liquid investment strategies has also continued to improve, not only as general market conditions have become more receptive, but also due to specific investments made in the various strategies in which Ramius engages. The less liquid investments, which have a longer term orientation, had experienced month-to-month variability in pricing which had been a drag on performance during the first half of 2009.

2008 Fund Performance

In 2008, the majority of the decline in performance was attributable to unprecedented levels of market volatility, a lack of liquidity in global markets and, beginning in the third quarter, investors' demands for liquidity wherever it could be obtained. These factors resulted in substantial declines in the value of almost every asset class globally. The combination of declining asset values, illiquid markets and redemption demands in turn forced a large part of the hedge fund (and fund of funds) industry to impose restrictions on redemptions (such as gates or outright suspensions), and to create a variety of investor structures (side pockets, liquidating and retention classes) in order to bring portfolio assets and liquidity requirements into a manageable balance.

Lehman Brothers. Certain of the hedge funds managed by Ramius used Lehman Brothers International (Europe) (which we refer to as LBIE) as one of their prime brokers and some of these funds also held assets through accounts at Lehman Brothers, Inc. (which we refer to as LBI). As a result of LBIE being placed into administration on September 15, 2008 by order of the English Court and LBI entering liquidation proceedings under the Securities Investor Protection Act of 1970, as amended, the assets, including securities and cash, held by Ramius and the hedge funds in their LBIE accounts and LBI accounts were frozen at LBIE and LBI, respectively.

The net assets of the Ramius hedge funds held at LBIE at the time of administration, which Ramius refers to as the total net equity claim, were approximately $232.6 million. Given the great degree of uncertainty as to the status of the assets held at LBIE and the process and prospects of the return of those assets, Ramius has valued the total net equity claim at an 80% discount, or approximately $46.5 million, which Ramius believes is a reasonable estimate of value that ultimately may be recovered with respect to the total net equity claim. Since the status and ultimate resolution of the assets under LBIE's administration proceedings is uncertain, Ramius decided that only the investors who were invested at the time of the Administration should participate in any profit/loss relating to the estimated recoverable Lehman claim. As such, Ramius has segregated the Lehman claims for the benefit of such investors for so long as they remained in the funds. These segregated Lehman claims do not earn management fees.

In November 2008, one of the hedge funds managed by Ramius was appointed as a member of the unsecured creditors' committee of LBIE and representatives of Ramius have been attending regular meetings of the creditors' committee and assisting in working on a solution to provide a framework for returning assets to clients.

In addition, Ramius currently estimates that the combined net exposure of the hedge funds to LBI amounts to approximately $18.7 million in cash and securities. On September 19, 2008, LBI was placed in a Securities Investor Protection Corporation ("SIPC") liquidation proceeding after the filing for bankruptcy of its parent Lehman Brothers Holdings, Inc. The status of the assets under LBI's bankruptcy proceedings has not been determined. The amount that will ultimately be recovered from LBI will depend on the amount of assets available in the fund of customer property to be established by the trustee appointed under the Securities Investor Protection Act (the "SIPA Trustee") as approved by the bankruptcy court as well as the total amount of customer claims that seek recovery from the fund of customer property. Based on recent court filings by the SIPA Trustee, the total amount of customer claims exceeds the assets that are likely to be in the fund of customer property. In addition, the court filings also indicate that Barclays plc has submitted a substantial claim against LBI relating to an asset purchase agreement entered into by Barclays with LBIE near the time of the SIPC liquidation proceedings that could affect the amount of assets that are included in the fund of customer property. As a result of these uncertainties and the timing of any distributions from LBI in respect of our customer claims, Ramius has estimated its recovery with respect to our LBI exposure at 65%, which represents the present value of the mid point between what it believes are reasonable estimates of the low side and high side potential recovery rates with respect to its LBI exposure. The estimated recoverable amount by the Ramius hedge funds may differ from the actual recoverable amount of the pending LBI claim, and the differences may be material.

As a result of Ramius being an investor in Enterprise and due to Ramius's additional direct exposure to LBIE, Ramius had a total exposure to LBIE of $12.94 million and a total exposure to LBI of $1.62 million, as of September 30, 2009. At September 30, 2009, the value of Ramius's exposure to LBIE and LBI after the mark downs discussed above, was $3.64 million.

2007 Fund Performance

Performance in 2007 was bifurcated between a strong first half and a modestly weak second half. Turmoil in the capital markets in the second half of the year caused Ramius to de-leverage the portfolios and employ significant macro-portfolio hedges, which helped protect performance. This period was the start of the unwinding of the massive overleveraging of the capital markets and adjustment in housing, mortgages, commodities and other asset classes.

2006 Fund Performance

Performance in 2006 was generally strong with solid performance coming from across the firm. In 2006, global liquidity was readily available, debt markets were extremely receptive, allowing for record issuance of both investment-grade and high-yield debt, driving global announced transaction volume to record highs.

Results of Operation

In the discussion and analysis that follows, certain line items are not comparable from period to period as a result of the consolidation and deconsolidation of numerous funds. One of the most significant changes over the past three years was as a result of Ramius conducting investment activity for its own capital through the Enterprise Fund rather than directly. Ramius owned 100% of the Enterprise Fund since the fund's formation in 2007 until the fund was opened to outside investors in early 2008. As a result of these changes, different accounting treatment was applied to Ramius's investments in each of these periods.

2006

In 2006, Ramius invested its own capital directly in public and private securities, real estate, third party funds and funds managed by Ramius. Furthermore, due to Ramius's control of certain funds and

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entities, Ramius had to consolidate the assets and liabilities as well as the income and expenses of numerous fund entities. As a result:

The impact of direct investments in everything other than Ramius managed funds and certain entities appear on each line item in the financial statements; and

Investments in Ramius managed funds and certain entities are presented in the captions Consolidated Ramius funds and certain real estate investments and the allocation of the portion of such results attributable to outside investors is presented under Net income (loss) attributable to non-controlling interests.

2007

Beginning October 1, 2007 Ramius transferred the vast majority of its direct investments to the Enterprise Fund which at that time was a wholly-owned investment company. As a wholly-owned entity, the financial performance of the entire Enterprise Fund was consolidated on a line by line basis in Ramius's financial statements. In addition, twenty-three other Ramius funds were deconsolidated from Ramius's financial statements.

2008

On January 1, 2008 Ramius contributed substantially all of its remaining directly owned investments into the Enterprise Fund and opened the fund to outside investors. As part of accepting outside capital Ramius established a master feeder structure for the Enterprise Fund with all of its capital invested through the domestic feeder. As a result:

The offshore feeder fund, which consists entirely of outside capital, was not consolidated resulting in management fees, incentive income and reimbursements to the extent expenses are allocated to the offshore feeder fund being presented on the respective lines in Ramius's statement of operations; and

The domestic feeder fund, however, was consolidated resulting in the financial results of such fund being presented in the captions Consolidated Ramius funds and certain real estate investments and the allocation of the portion of such results attributable to outside investors presented under Net income (loss) attributable to non-controlling interests. In the Statement of Financial Condition, Ramius records the fair value of its investment in the Enterprise Fund indirectly through the domestic feeder fund.

To provide comparative information of Ramius's operating results for the periods presented, a discussion of Economic Income of the Investment Management segment, its only reportable segment, follows the discussion of its total consolidated GAAP results. Economic Income reflects, on a consistent basis for all periods presented in RCG's financial statements, income earned from the Ramius funds and managed accounts and from its own invested capital. Economic Income excludes certain adjustments required under GAAP. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Segment Analysis Investment Management Economic Income" and Note 20 to RCG's audited consolidated financial statements and Note 12 to RCG's unaudited consolidated financial statements for a reconciliation of Economic Income to total Company net income (loss).

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GAAP Quarterly Comparison

Three Months Ended September 30, 2009 Compared with the Three Months Ended September 30, 2008
Consolidated Statement of Operations

	Three Months Ended Sept 30, 2009	2008	Period-to-Period $ Change	% Change
	(dollars in thousands)			
Revenues				
Management fees	$ 8,974	$ 17,795	$ (8,821)	(49.6)%
Incentive income (loss)	177	(862)	1,039	120.5%
Interest and dividends	47	530	(483)	(91.1)%
Reimbursement from affiliates	2,342	5,077	(2,735)	(53.9)%
Other Revenues	577	2,352	(1,775)	(75.5)%
Consolidated Ramius Funds and certain real estate entities revenues	4,345	11,927	(7,582)	(63.6)%
Total revenues	**16,462**	**36,819**	**(20,357)**	**(55.3)%**
Expenses				
Employee compensation and benefits	22,083	15,769	6,314	40.0%
Interest and dividends	435	441	(6)	(1.4)%
General, Administrative and Other Expenses	11,178	14,550	(3,372)	(23.2)%
Consolidated Ramius Funds and certain real estate entities expenses	5,311	13,022	(7,711)	(59.2)%
Total expenses	**39,007**	**43,782**	**(4,775)**	**(10.9)%**
Other income (loss)				
Net gain (loss) on securities, derivatives and other investments	1,274	(523)	1,797	343.6%
Consolidated Ramius Funds and certain real estate entities net gains (losses)	19,356	(102,936)	122,292	118.8%
Total other income (loss)	**20,630**	**(103,459)**	**124,069**	**119.9%**
Income (loss) before income taxes	**(1,915)**	**(110,422)**	**108,507**	**98.3%**
Income taxes	(5,929)	554	(6,483)	(1170.2)%
Net income (loss)	**4,014**	**(110,976)**	**114,990**	**103.6%**
Less: (loss) attributable to non-controlling interests	9,899	(48,787)	58,686	120.3%

Net (loss attributable) to all Redeemable Members	**$ (5,885)**	**$ (62,189)**	**$ 56,304**	**90.5%**

Revenues

Management Fees

Management fees decreased $8.8 million, or 50%, to $9.0 million for the three months ended September 30, 2009 compared with $17.8 million in the third quarter of 2008. The decrease was primarily due to the lower level of assets under management in the current year period relative to the prior year period.

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Incentive Income (Loss)

There was almost no incentive income for the three months ended September 30, 2009 compared with negative incentive fee income of $0.9 million for the third quarter of 2008. As previously discussed, 2008 performance in the funds resulted in losses and the negative incentive fee income in the 2008 period represents a reversal of incentive income that was accrued for the first and second quarters of 2008. In addition, due to the losses in 2008, many of the funds now have high-water marks such that Ramius will not earn incentive income with respect to the assets of the fund investors who suffered such losses last year until these investors recover their losses.

Interest and Dividends

Interest and dividends decreased $0.5 million, or 91%, to $0.05 million for the three months ended September 30, 2009 compared with $0.5 million in the third quarter of 2008. The decrease was primarily attributable to a combination of lower average interest rates and lower average interest bearing assets in the third quarter of 2009 compared with the third quarter of 2008.

Reimbursements from Affiliates

Ramius's reimbursements from affiliates decreased $2.7 million, or 54%, to $2.3 million for the three months ended September 30, 2009 compared with $5.1 million in the third quarter of 2008. The decrease was attributable to lower assets under management in the 2009 period as such allocations are largely made based on a percentage of assets under management.

Other Revenue

Other revenue decreased $1.8 million, or 76%, to $0.6 million for the three months ended September 30, 2009 compared with $2.4 million in the third quarter of 2008. The decrease was primarily due to placement fee income earned by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds in 2008. Ramius exited the placement agent business in the third quarter of 2009.

Consolidated Ramius Funds and Certain Real Estate Entities Revenues

Consolidated Ramius funds and certain real estate entities revenues decreased $7.6 million, or 64%, to $4.3 million for the three months ended September 30, 2009 compared with $11.9 million in the third quarter of 2008. The decrease was primarily attributable to a decrease in the interest and dividends earned by the Enterprise Fund.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses increased $6.3 million, or 40%, to $22.1 million for the three months ended September 30, 2009 compared with $15.8 million in the third quarter of 2008. The increase was a primarily a result of variable compensation accruals taken in the third quarter of 2009, compared to the reversal, in the prior year period, of variable compensation accruals taken in the first and second quarters of 2008. The reversal in the prior year period was made in order to reduce the aggregate awards for 2008 to an appropriate amount due to negative performance in the third quarter of 2008 that more than offset positive performance in the first and second quarters of that year.

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Interest and Dividends

Interest and dividend expense remained substantially unchanged at $0.4 million for the three months ended September 30, 2009 compared to $0.4 million in the third quarter of 2008.

General, Administrative and Other Expenses

General, administrative and other expenses decreased $3.4 million, or 23%, to $11.2 million for the three months ended September 30, 2009 compared with $14.6 million in the third quarter of 2008. This decrease was primarily attributable to a decrease in client service and business development expenses of $1.6 million and a decrease in expenses associated with the placement agent business of $1.7 million. As stated above, Ramius exited the placement fee business in the third quarter of 2009.

Consolidated Ramius Funds and Certain Real Estate Entities Expenses

Consolidated Ramius funds and certain real estate entities expenses decreased $7.7 million, or 59%, to $5.3 million for the three months ended September 30, 2009 compared with $13.0 million in the third quarter of 2008. The decrease was primarily attributable to the decrease in interest and dividend expense recognized by the Enterprise Fund.

Other Income (Loss)

Other income increased $124.1 million, or 120%, to a gain of $20.6 million for the three months ended September 30, 2009 compared with a loss of $103.5 million in the third quarter of 2008. The increase is a result of positive fund performance in the current year period versus negative performance in the prior year period due to the general unprecedented levels of market volatility, and liquidity constraints, that began in the third quarter of 2008 and affected almost every asset class globally. As previously described, Ramius invests its own capital primarily in the Enterprise Fund with any gains or losses on Ramius's own capital shown under Consolidated Ramius Funds for that period. The gains and losses shown under Consolidated Ramius Funds reflect the consolidated total performance for such funds, and the portion of those gains or losses that are attributable to other investors is allocated to a non-controlling interest.

Income Taxes

Income taxes decreased $6.5 million resulting in a tax benefit of $5.9 million for the three months ended September 30, 2009 compared with a provision for taxes of $0.6 million for the three months ended September 30, 2008. This change was primarily due to a tax benefit of $6.0 million representing Ramius's proportionate share of deferred tax benefits generated by reinsurance companies invested in by one of the consolidated Ramius funds. During the third quarter of 2009, this Ramius fund acquired reinsurance companies in Luxembourg as part of a service program that provides reinsurance coverage to this Ramius fund. In order to obtain reinsurance coverage against certain risks, this Ramius fund, through a local subsidiary, acquired reinsurance companies in Luxembourg that had deferred tax liabilities. Upon these purchases, the local subsidiary generated deferred tax assets that fully offset these liabilities, resulting in the recognition of the deferred tax benefit.

Income (Loss) Attributable to Non-controlling Interests

Income attributable to non-controlling interests increased $58.7 million, to a gain of $9.9 million for the three months ended September 30, 2009 compared with a loss of $48.8 million in the third quarter of 2008. The increase was the result of positive performance of the Ramius consolidated funds and entities in 2009 compared to negative performance during the prior year period.

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Nine Months Ended September 30, 2009 Compared with the Nine Months Ended September 30, 2008
Consolidated Statement of Operations

	Nine Months Ended Sept 30, 2009	Nine Months Ended Sept 30, 2008	Period-to-Period $ Change	Period-to-Period % Change
	(dollars in thousands)			
Revenues				
Management fees	$ 31,408	$ 56,443	$ (25,035)	(44.4)%
Incentive income	177		177	NM
Interest and dividends	225	1,443	(1,218)	(84.4)%
Reimbursement from affiliates	7,832	11,675	(3,843)	(32.9)%
Other Revenues	2,265	4,737	(2,472)	(52.2)%
Consolidated Ramius Funds and certain real estate entities revenues	12,312	26,165	(13,853)	(52.9)%
Total revenues	**54,219**	**100,463**	**(46,244)**	**(46.0)%**
Expenses				
Employee compensation and benefits	50,869	67,703	(16,834)	(24.9)%
Interest and dividends	1,122	1,195	(73)	(6.1)%
General, Administrative and Other Expenses	36,948	36,734	214	0.6%
Consolidated Ramius Funds and certain real estate entities expenses	11,831	27,040	(15,209)	(56.2)%
Total expenses	**100,770**	**132,672**	**(31,902)**	**(24.0)%**
Other income (loss)				
Net gain (loss) on securities, derivatives and other investments	(2,702)	800	(3,502)	(437.8)%
Consolidated Ramius Funds and certain real estate entities net gains (losses)	25,268	(85,523)	110,791	129.5%
Total other income (loss)	**$ 22,566**	**(84,723)**	**92,947**	**126.6%**
Income (loss) before income taxes	**(23,985)**	**(116,932)**	**107,289**	**79.5%**
Income taxes	(5,978)	738	(6,716)	(910.0)%
Net income (loss)	**(18,007)**	**(117,670)**	**99,663**	**84.7%**
Less: Income (loss) attributable to non-controlling interests	13,888	(52,176)	66,064	126.6%
Net (loss attributable) to all Redeemable Members	**$ (31,895)**	**$ (65,494)**	**$ 33,599**	**51.3%**

Revenues

Management Fees

Management fees decreased $25.0 million, or 44%, to $31.4 million for the nine months ended September 30, 2009 compared with $56.4 million in the first nine months of 2008. The decrease was primarily due to the lower level of assets under management in the 2009 period relative to the prior year period.

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Incentive Income.

There was almost no incentive income for the nine months ended September 30, 2009 and 2008. As previously discussed, 2008 performance in the funds resulted in losses and no incentive income was earned for the year. In addition, due to the losses in 2008, many of the funds now have high-water marks such that Ramius will not earn incentive income with respect to the assets of the fund investors who suffered such losses last year until these investors recover their losses.

Interest and Dividends

Interest and dividends decreased $1.2 million, or 84%, to $0.2 million for the nine months ended September 30, 2009 compared with $1.4 million in the first nine months of 2008. The decrease was primarily attributable to a combination of lower average interest rates and lower average interest bearing assets in the first nine months of 2009 compared with the first nine months of 2008.

Reimbursements from Affiliates

Ramius's reimbursements from affiliates decreased $3.8 million, or 33%, to $7.8 million for the nine months ended September 30, 2009 compared with $11.7 million for the first nine months of 2008. The decrease was attributable to lower assets under management in the 2009 period as such allocations are largely determined based on a percentage of assets under management.

Other Revenue

Other revenue decreased $2.5 million, or 52%, to $2.3 million for the nine months ended September 30, 2009 compared with $4.7 million in the first nine months of 2008. The decrease was primarily due to the elimination of stock loan fee income as Ramius exited that business in the fourth quarter of 2008, and the elimination of placement fee income. Ramius exited the placement agent business in the third quarter of 2009.

Consolidated Ramius Funds and Certain Real Estate Entities Revenues

Consolidated Ramius funds and certain real estate entities revenues decreased $13.9 million, or 53%, to $12.3 million for the nine months ended September 30, 2009 compared with $26.2 million in the first nine months of 2008. The decrease was primarily attributable to a decrease in the interest and dividends earned by the Enterprise Fund.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses decreased $16.8 million, or 25%, to $50.9 million for the nine months ended September 30, 2009 compared with $67.7 million in the first nine months of 2008. The decrease was due to a reduction in head count from 241 employees as of September 30, 2008 to 147 employees as of September 30, 2009.

Interest and Dividends

Interest and dividend expense remained substantially unchanged at $1.1 million for the nine months ended September 30, 2009 compared to $1.2 million for the first nine months of 2008.

General, Administrative and Other Expenses

General, administrative and other expenses remained substantially unchanged at $36.9 million for the nine months ended September 30, 2009 compared with $36.7 million in the first nine months of

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2008. While the aggregate amount remained relatively unchanged, the mix of expenses changed as professional, advisory and other fees increased primarily due to the Transactions and legal fees incurred in connection with an arbitration initiated by Ramius increased in 2009. These increases were largely offset by a decrease in occupancy and equipment, as a result of Ramius subleasing its former office space for the entire nine months ended September 30, 2009 and only for the second and third quarters of 2008, and a decrease in client service and business development expenses. Ramius does not expect to incur additional expense in connection with the arbitration matter referenced above.

Consolidated Ramius Funds and Certain Real Estate Entities Expenses

Consolidated Ramius funds and certain real estate entities expenses decreased $15.2 million, or 56%, to $11.8 million for the nine months ended September 30, 2009 compared with $27.0 million in the first nine months of 2008. The decrease was attributable to the decrease in interest and dividend expense recognized by the Enterprise Fund.

Other Income (Loss)

Other income increased $107.3 million, or 127%, to a gain of $22.6 million for the nine months ended September 30, 2009 compared with a loss of $84.7 million in the first nine months of 2008. The increase is a result of positive fund performance in the current year period versus negative performance in the prior year period as a result of the general unprecedented levels of market volatility, and liquidity constraints that began in the third quarter of 2008 and affected almost every asset class globally. As previously described, Ramius invests its own capital primarily in the Enterprise Fund with any gains or losses on Ramius's own capital shown under Consolidated Ramius Funds for that period. The gains and losses shown under Consolidated Ramius Funds reflect the consolidated total performance for such funds, and the portion of those gains or losses that are attributable to other investors is allocated to a non-controlling interest.

Income Taxes

Income taxes decreased $6.7 million resulting in a tax benefit of $6.0 million for the nine months ended September 30, 2009 compared with a provision for taxes of $0.7 million in the first nine months ended September 30, 2008. The decrease was caused by the recording of a tax benefit during the first nine months of 2009 due to the amendment of a prior year local tax return that will result in a refund, as well as lower taxes in foreign jurisdictions as a result of diminished or discontinued operations, and due to a tax benefit of $6.0 million representing Ramius's proportionate share of deferred tax benefits generated by reinsurance companies invested in by one of the consolidated Ramius funds. During the third quarter of 2009, this Ramius fund acquired reinsurance companies in Luxembourg as part of a service program that provides reinsurance coverage to this Ramius fund. In order to obtain reinsurance coverage against certain risks, this Ramius fund, through a local subsidiary, acquired reinsurance companies in Luxembourg that had deferred tax liabilities. Upon these purchases, the local subsidiary generated deferred tax assets that fully offset these liabilities, resulting in the recognition of the deferred tax benefit.

Income (Loss) Attributable to Non-controlling Interests

Income attributable to non-controlling interests increased $66.1 million, to a gain of $13.9 million for the nine months ended September 30, 2009 compared with a loss of $52.2 million in the first nine months of 2008. The period over period change was the result of improved performance in certain of the Ramius consolidated funds.

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Year Ended December 31, 2008 Compared with the Year Ended December 31, 2007
Consolidated Statement of Operations

	Year ended December 31, 2008	Year ended December 31, 2007	Period-to-Period $ Change	Period-to-Period % Change
	(dollars in thousands)			
Revenues				
Management fees	$ 70,818	$ 73,950	$ (3,132)	(4.2)%
Incentive income		60,491	(60,491)	(100.0)
Interest and dividends	1,993	16,356	(14,363)	(87.8)
Reimbursement from affiliates	16,330	7,086	9,244	130.5
Other Revenue	6,853	5,086	1,767	34.7
Consolidated Ramius Funds and certain real estate entities revenues	31,739	25,253	6,486	25.7
Total revenues	**127,733**	**188,222**	**(60,489)**	**(32.1)**
Expenses				
Employee compensation and benefits	84,769	123,511	(38,742)	(31.4)
Interest and dividends	1,820	20,679	(18,859)	(91.2)
General, administrative and other expenses	53,036	58,341	(5,305)	(9.1)
Goodwill impairment	10,200		10,200	NM
Consolidated Ramius Funds and certain real estate entities expenses	34,268	21,014	13,254	63.1
Total expenses	**184,093**	**223,545**	**(39,452)**	**(17.7)**
Other income (loss)				
Net gain (loss) on securities, derivatives and other investments	(2,006)	94,078	(96,084)	NM
Consolidated Ramius Funds and certain real estate entities net gains (losses)	(198,485)	84,846	(283,331)	NM
Total other income (loss)	**(200,491)**	**178,924**	**(379,415)**	**NM**
Income (loss) before income taxes	**(256,851)**	**143,601**	**(400,452)**	**NM**
Income taxes	(1,301)	1,397	(2,698)	NM
Net income (loss)	**(255,550)**	**142,204**	**(397,754)**	**NM**
Less: Income (loss) attributable to non-controlling interests	(113,786)	66,343	(180,129)	NM
Less: Special allocation to the Redeemable Managing Member		26,551	(26,551)	(100.0)
Net income (loss) available to all Redeemable Members	**$ (141,764)**	**$ 49,310**	**$ (191,074)**	**NM**

Revenues

Management Fees

Management fees decreased $3.1 million, or 4%, to $70.8 million for the year ended December 31, 2008 compared with $73.9 million in 2007. The decrease was primarily due to a net decrease of $4.2 million from fees earned on managing CDOs, primarily as a result of Ramius electing to rebate

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certain CDO management fees, and a $0.9 million decrease in management fees from the fund of funds business. These decreases were partially offset by an increase in management fees from hedge funds of $1.9 million (net of $3.1 million in management fees from Enterprise that are eliminated in consolidation).

Incentive Income

Ramius earned no incentive income for the year ended December 31, 2008 compared with $60.5 million in 2007. The lack of incentive income in 2008 was driven by the negative performance in the Ramius funds resulting from challenging market conditions. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2008 fund performance.

Interest and Dividends

Interest and dividends decreased $14.4 million, or 88%, to $2.0 million for the year ended December 31, 2008 compared with $16.4 million in 2007. The decrease was primarily attributable to Ramius no longer investing its capital directly in interest and dividend bearing products. Prior to 2008, when Ramius invested its capital directly, its interest and dividend revenues were significantly higher. Once Ramius invested its capital through the Enterprise Fund, interest and dividends were included in Consolidated Ramius Funds and Certain Real Estate Entities revenues.

Reimbursements from Affiliates

Reimbursements from affiliates increased $9.2 million, or 130%, to $16.3 million for the year ended December 31, 2008 compared with $7.1 million in 2007. In 2008, Ramius conducted a review of the expenses it allocated to its funds and determined that it was not making sufficient allocations. Therefore, as permitted under the respective funds' offering documents, Ramius allocated back to certain of its funds and management companies a higher percentage of expenses that Ramius had incurred on behalf of those funds than it had in 2007. In addition, beginning in 2008, the investment expenses attributable to Ramius's own invested capital were allocated to the Enterprise Fund and recognized as a reimbursement to Ramius. Prior to 2008, such expenses had been borne directly by Ramius.

Other Revenue

Other revenue increased $1.8 million, or 35%, to $6.9 million for the year ended December 31, 2008 compared with $5.1 million in 2007. The increase was primarily attributable to $3.2 million of placement fee income received by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds and $1.6 million of securities lending income. In 2007, other revenue primarily included $2.9 million of placement fee income and $1.9 million of securities lending income. In 2008, Ramius ceased its securities lending activities and it is currently closing its subsidiary that engages in the distribution of interests in real estate funds.

Consolidated Ramius Funds and Certain Real Estate Entities Revenues

Consolidated Ramius funds and certain real estate entities revenues increased $6.5 million, or 26%, to $31.7 million for the year ended December 31, 2008 compared with $25.2 million in 2007. The increase was primarily attributable to the consolidation of the Enterprise Fund. Specifically, in consolidating the Enterprise Fund, the interest and dividends from the Enterprise Fund are classified in this category whereas the other trading income is classified as other income (loss) below. This increase was partially offset by lower interest and dividend income for the year ended December 31, 2008.

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Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses decreased $38.7 million, or 31%, to $84.8 million for the year ended December 31, 2008 compared with $123.5 million in 2007. The decrease was primarily driven by a $42.5 million decrease in incentive compensation, partially offset by a $3.7 million increase in salaries and benefits.

Interest and Dividends

Interest and dividend expense decreased $18.9 million, or 91%, to $1.8 million for the year ended December 31, 2008 compared with $20.7 million in 2007. The decrease was primarily due to the consolidation of the Enterprise Fund, which resulted in the interest and dividend expense associated with Ramius investing its own capital being borne by the Enterprise Fund instead of directly by Ramius and accounted for under Consolidated Ramius Funds and certain real estate entities.

General, Administrative and Other Expenses

General, administrative and other expenses decreased $5.3 million, or 9%, to $53.0 million for the year ended December 31, 2008 compared with $58.3 million in 2007. The decrease was primarily the result of a $14.8 million reduction in professional, advisory and other fees. Such fees were higher in 2007 primarily due to $5.5 million in legal fees incurred in connection with an arbitration initiated by Ramius and the voluntary reimbursement to certain unconsolidated Ramius funds for third party advisory fees of $7.1 million previously recorded by the funds. This reduction was partially offset by additional expenses incurred by Ramius from renovating and relocating to new office space. In 2007, Ramius leased and renovated its new principal office space in New York City. Ramius moved into its new office space in March 2008 and entered into a sublease for its former office space for the remainder of the term of the existing lease. The renovation, relocation and sublease resulted in a $4.2 million increase in occupancy and equipment expenses and a $2.5 million increase in depreciation and amortization.

Goodwill

Ramius recorded a goodwill impairment charge of $10.2 million for the year ended December 31, 2008. This non-cash charge related to the impairment of its 50% ownership of the fund of funds business. In the fourth quarter of 2008, Ramius conducted its annual goodwill impairment test and, due to the decline in assets under management and the resulting decline in expected management fees and incentive income, recognized an impairment. The assets under management declined by $1.30 billion, or 33%, at the Ramius fund of funds reporting unit, primarily due to the difficult market environment in the second half of 2008.

Consolidated Ramius Funds and Certain Real Estate Entities Expenses

Consolidated Ramius funds and certain real estate entities expenses increased $13.3 million, or 63%, to $34.3 million for the year ended December 31, 2008 compared with $21.0 million in 2007. The increase was attributable to the consolidation of the Enterprise Fund, partially offset by a $6.3 million reduction in professional and advisory fees.

Other Income (Loss)

Other income (loss) decreased $379.4 million to a loss of $200.5 million for the year ended December 31, 2008 compared with income of $178.9 million in 2007. The decrease was attributable to the investment performance of Ramius's own invested capital and the consolidated Ramius funds. In

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2007, Ramius direct investments resulted in a gain of $94.0 million. As previously described, most of Ramius's investments beginning in the fourth quarter of 2007 were made through the Enterprise Fund with any gains or losses on Ramius's own invested capital are shown under Consolidated Ramius Funds for that period. The gains and losses in 2007 and 2008 shown under Consolidated Ramius Funds reflect the consolidated total performance for such funds, and the portion of those gains or losses that are attributable to other investors is allocated to a non-controlling interest. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2008 fund performance.

Income Taxes

Income taxes decreased $2.7 million to a benefit of $1.3 million for the year ended December 31, 2008 compared with income tax expense of $1.4 million in 2007. The decrease was due to the reduction in 2008 of a tax provision for prior periods and lower foreign and local income subject to taxation.

Income (Loss) Attributable to Non-controlling Interests

Income (loss) attributable to non-controlling interests decreased $180.1 million to a loss of $113.8 million for the year ended December 31, 2008 compared with income of $66.3 million in 2007. The decrease was attributable to the allocation of losses incurred by the Ramius consolidated funds and entities to other investors of such funds and entities.

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Year Ended December 31, 2007 Compared with the Year Ended December 31, 2006
Consolidated Statement of Operations

	Year ended December 31, 2007	Year ended December 31, 2006	Period-to-Period $ Change	Period-to-Period % Change
	(dollars in thousands)			
Revenues				
Management fees	$ 73,950	$ 65,635	$ 8,315	12.7%
Incentive income	60,491	81,319	(20,828)	(25.6)
Interest and dividends	16,356	17,189	(833)	(4.9)
Reimbursement from affiliates	7,086	4,070	3,016	74.1
Other Revenue	5,086	8,038	(2,952)	(36.7)
Consolidated Ramius Funds and certain real estate entities revenues	25,253	35,897	(10,644)	(29.7)
Total revenues	**188,222**	**212,148**	**(23,926)**	**(11.3)**
Expenses				
Employee compensation and benefits	123,511	112,433	11,078	9.9
Interest and dividends	20,679	17,694	2,985	16.9
General, Administrative and Other Expenses	58,341	36,583	21,758	59.5
Consolidated Ramius Funds and certain real estate entities expenses	21,014	39,300	(18,286)	(46.5)
Total expenses	**223,545**	**206,010**	**17,535**	**8.5**
Other income				
Net gain on securities, derivatives and other investments	94,078	54,765	39,313	71.8
Consolidated Ramius Funds and certain real estate entities net gains	84,846	78,656	6,190	7.9
Total other income	**178,924**	**133,421**	**45,503**	**34.1**
Income before income taxes	**143,601**	**139,559**	**4,042**	**2.9**
Income taxes	1,397	4,814	(3,417)	(71.0)
Net income	**142,204**	**134,745**	**7,459**	**5.5**
Less: Income attributable to non-controlling interests	66,343	74,189	(7,846)	(10.6)
Less: Special allocation to the Redeemable Managing Member	26,551	21,195	5,356	25.3
Net income available to all Redeemable Members	**$ 49,310**	**$ 39,361**	**$ 9,949**	**25.3%**

Revenues

Management Fees

Management fees increased $8.3 million, or 13%, to $73.9 million for the year ended December 31, 2007 compared with $65.6 million in 2006. The increase was primarily driven by an increase in assets under management in Ramius funds of $3.3 billion between December 31, 2007 and December 31, 2006.

Incentive Income

Incentive income decreased $20.8 million, or 26%, to $60.5 million for the year ended December 31, 2007 compared with $81.3 million in 2006. The decrease was attributable to a

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$32.3 million decrease in incentive income from Ramius hedge funds due to lower investment performance in 2007 compared to 2006, partially offset by a $12.7 million increase in incentive income from the fund of funds business. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2007 fund performance.

Interest and Dividends

Interest and dividends decreased $0.8 million, or 5%, to $16.4 million for the year ended December 31, 2007 compared with $17.2 million in 2006.

Reimbursements from Affiliates

Reimbursements from affiliates increased $3.0 million, or 74%, to $7.1 million for the year ended December 31, 2007 compared with $4.1 million in 2006. The increase was attributable to an increase in aggregate assets under management resulting in Ramius allocating a larger portion of the expenses it incurred on behalf of the funds back to the funds as allowed under the respective offering documents.

Other Revenue

Other revenue decreased $3.0 million, or 37%, to $5.1 million for the year ended December 31, 2007 compared with $8.0 million in 2006. The decrease in 2007 was primarily related to placement fee income received by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds and securities lending income.

Consolidated Ramius Funds and Certain Real Estate Entities Revenues

Consolidated Ramius funds and certain real estate entities revenues decreased $10.6 million, or 30%, to $25.3 million for the year ended December 31, 2007 compared with $35.9 million in 2006. The decrease was primarily due to having to consolidate twenty-three fewer funds for 2007 as compared to 2006.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses increased $11.1 million, or 10%, to $123.5 million for the year ended December 31, 2007 compared with $112.4 million in 2006. The increase was primarily attributable to higher headcount in 2007 as Ramius continued to develop its investment strategies in connection with expanding its business.

Interest and dividends

Interest and dividends increased $3.0 million, or 17%, to $20.7 million for the year ended December 31, 2007 compared with $17.7 million in 2006. The increase was primarily due to a $4.5 million increase in interest and dividends recognized in connection with Ramius investing its capital which was partially offset by a $1.5 million decrease in interest expense due to lower average amounts outstanding under its revolving credit facility in 2007.

General, Administrative and Other Expenses

General, administrative and other expenses increased $21.8 million, or 60%, to $58.3 million for the year ended December 31, 2007 compared with $36.6 million in 2006. The increase was primarily driven by a $15.9 million increase in professional, advisory and other fees. Such fees were higher in 2007 primarily due to $5.5 million in legal fees incurred in connection with an arbitration initiated by

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Ramius and the voluntary reimbursement to certain unconsolidated Ramius funds for third party advisory fees of $7.1 million previously recorded by the funds. There was also a $5.6 million increase in other expenses as a result of expenses in general increasing across several categories including travel, communication and other office expenses primarily due to an increase in headcount. There were also additional expenses incurred by Ramius in 2007 in connection with renovating new office space. In 2007, Ramius leased and began renovating its new principal office space in New York City. The new lease and renovation resulted in a $3.7 million increase in occupancy and equipment related expenses.

Consolidated Ramius Funds and Certain Real Estate Entities Expenses

Consolidated Ramius funds and certain real estate entities expenses decreased $18.3 million, or 47%, to $21.0 million for the year ended December 31, 2007 compared with $39.3 million in 2006. The decrease was primarily due to having to consolidate twenty-three fewer funds in 2007 as compared to 2006.

Other Income

Other income increased $45.5 million, or 34%, to $178.9 million for the year ended December 31, 2007 compared with $133.4 million in 2006. The increase was attributable to the investment performance of Ramius's own invested capital and the consolidated Ramius funds. As previously described, most of Ramius's investments beginning in the fourth quarter of 2007 were made through the Enterprise Fund with any gains or losses on Ramius's own invested capital are shown under the Consolidated Ramius Funds. The gains and losses in 2007 and 2006 shown under Consolidated Ramius Funds reflect the consolidated performance for such funds, and the portion of those gains or losses that are attributable to other investors is allocated to a non-controlling interest. In 2007, Ramius completed an offering of interests in Ramius resulting in net proceeds of $99.5 million. The increase in other income in 2007 is primarily a result of the investment of these proceeds and improved performance. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2007 and 2006 fund performance.

Income Taxes

Income tax expense decreased $3.4 million, or 71%, to $1.4 million for the year ended December 31, 2007 compared with $4.8 million in 2006. These results were due to the recording of a tax provision in 2006 for prior periods and lower foreign and local income subject to taxation.

Income Attributable to Non-controlling Interests

Income attributable to non-controlling interests decreased $7.9 million, or 11%, to $66.3 million for the year ended December 31, 2007 compared with $74.2 million in 2006. The decrease was attributable to a reduction in the amount of real estate entities being consolidated in 2007 as compared to 2006, resulting in less income being allocated to outside investors not controlled by Ramius.

Segment Analysis

Investment Management Economic Income

Ramius conducts all of its operations through the Alternative Investment Management segment. The performance measure for the Alternative Investment Management segment is Economic Income, which management uses to evaluate the financial performance of and make operating decisions for the segment. Accordingly, management assesses its business by analyzing the performance of the Investment Management segment and believes that investors should review the same performance measure that it uses to analyze its segment and business performance. In addition, management

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believes that Economic Income is helpful to gain an understanding of its segment results of operations because it reflects such results on a consistent basis for all periods presented.

Economic Income may not be comparable to similarly titled measures used by other companies. Ramius uses Economic Income as a measure of its segment's operating performance, not as a measure of liquidity. Economic Income should not be considered in isolation or as a substitute for operating income, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. As a result of the adjustments made to arrive at Economic Income described above, Economic Income has limitations in that it does not take into account certain items included or excluded under GAAP, including its consolidated funds. Economic Income is considered by management as a supplemental measure to the GAAP results to provide a more complete understanding of its segment's performance as management measures it. For a reconciliation of Economic Income to GAAP net income (loss) for the periods presented and additional information regarding the reconciling adjustments discussed above, see Note 20 to Ramius's audited consolidated financial statements and Note 12 to Ramius's unaudited consolidated financial.

In general, Economic Income is a pre-tax measure that (i) presents the segment's results of operations without the impact resulting from the consolidation of any of the Ramius funds, (ii) excludes goodwill impairment, (iii) excludes allocations to Ramius's managing member, as there will be no such allocations in the future and (iv) will exclude the reorganization expenses for the Transactions and the transaction REOP. In addition, Economic Income Revenue includes investment income that represents the income Ramius has earned in investing its own capital, including realized and unrealized gains and losses, interest and dividends, net of associated investment related expenses. For GAAP purposes, these items are included in each of their respective line items. Economic Income Revenues also includes management fees, incentive income and investment income earned through Ramius's investment as a general partner in certain real estate entities. For GAAP purposes, all of these items are recorded in other income (loss). In addition, Economic Income Expenses are reduced by reimbursement from affiliates, which for GAAP purposes is shown as part of revenue.

Economic Income Revenues

Ramius's Economic Income revenues are generated from three principal sources: management fees, incentive income and investment income from its own capital. Management fees are directly impacted by any increase or decrease in Ramius's assets under management, while incentive income is impacted by its funds' performance and any increase or decrease in assets under management. Investment income from Ramius's own capital is impacted by the performance of the funds in which its capital is invested, which is principally the Enterprise Fund. Ramius periodically receives other Economic Income revenue which is unrelated to its own invested capital or its activities on behalf of the Ramius funds, such as certain placement fee income received by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds.

Economic Income Expenses

Ramius's Economic Income expenses consist of compensation and benefits, non-compensation expenses and reimbursement from affiliates.

Non-controlling Interests

Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities.

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Segment Quarterly Comparison

Three Months Ended September 30, 2009 Compared with the Three Months Ended September 30, 2008

	Three months ended Sept 30,		Period-to-Period	
	2009	**2008**	**$ Change**	**% Change**
Economic Income Revenues				
Management Fees	$ 12,035	$ 21,125	$ (9,090)	(43.0)%
Incentive Income (Loss)	(1,293)	(3,857)	2,564	66.5%
Investment Income (Loss)	13,675	(56,661)	70,336	124.1%
Other Revenue	63	1,952	(1,889)	(96.8)%
Total Economic Income Revenues	**24,480**	**(37,441)**	**61,921**	**165.4%**
Economic Income Expenses				
Compensation & Benefits	22,083	15,769	6,314	40.0%
Non-compensation expenses	10,752	15,315	(4,563)	(29.8)%
Reimbursement from affiliates	(2,558)	(5,613)	3,055	(54.4)%
Total Economic Income Expenses	**30,227**	**25,471**	**4,806**	**18.9%**
Net Economic Loss (before non-controlling interest)	(5,797)	(62,912)	57,115	90.8%
Non-Controlling Interest	(32)	1,277	(1,309)	(102.5)%
Economic (Loss)	**$ (5,829)**	**$ (61,635)**	**$ 55,806**	**90.5%**

Economic Income Revenues

Management Fees. Management fees for the segment decreased $9.1 million, or 43%, to $12.0 million for the three months ended September 30, 2009 compared with $21.1 million in the third quarter of 2008. The decrease was due to lower assets under management during the current year period.

Incentive Income (Loss). Incentive loss for the segment decreased $2.6 million to a loss of $1.3 million for the three months ended September 30, 2009 compared to a loss of $3.9 million for the third quarter ended September 30, 2008, primarily as a result of a reversal, in the prior year period, of $2.2 million of incentive income that was accrued for in the second quarter of 2008. Also, included in both periods is a reversal of previously recorded incentive income allocations from Ramius's interests in the general partner of a certain real estate fund pursuant to the terms of the governing documents of such fund. These governing documents state that if the limited partners in these funds would not receive the required cumulative preferred return due to them, the general partner would be obligated to reimburse all incentive income allocations previously received, net of taxes. Based on a hypothetical liquidation of the real estate funds as of September 30, 2009 at then-recorded values, these limited partners would not receive their required cumulative preferred return since the fair values of the underlying investments held by these funds have been marked down from previously recorded values in part due to the continued deterioration in the commercial real estate markets. As a result, Ramius has recognized its share of this reversal of incentive income by the general partners for this obligation. In addition, as of September 30, 2009 there was a $4.6 million accrual pertaining to subordination agreements entered into by the general partners of two real estate funds with those funds' lead investor. Furthermore, many of the funds now have high-water marks so that Ramius will not earn incentive income with respect to the investments of the fund investors who suffered such losses last year until the investors recover their losses.

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Investment Income (Loss). Investment income for the segment increased $70.3 million, or 124%, to a gain of $13.7 million for the three months ended September 30, 2009 compared with a loss of $56.7 million in the third quarter of 2008. The increase is a result of positive fund performance in the current year period versus negative performance in the prior year period due to the general unprecedented levels of market volatility, and liquidity constraints, that began in the third quarter of 2008 that affected almost every asset class globally.

Other Revenue. Other revenue for the segment decreased $1.9 million, or 97%, to $0.06 million for the three months ended September 30, 2009 compared with $2.0 million for the third quarter of 2008. The decrease was primarily due to placement fee income earned by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds in 2008. Ramius exited the placement agent business in the third quarter of 2009.

Economic Income Expenses

Compensation and Benefits. Compensation and benefits expenses for the segment increased $6.3 million, or 40%, to $22.1 million for the three months ended September 30, 2009 compared with $15.8 million in the third quarter of 2008. The increase was a primarily a result of variable compensation accruals taken in the third quarter of 2009, compared to the reversal, in the prior year period, of variable compensation accruals taken in the first and second quarters of 2008. The reversal in the prior year period was due to negative performance in the third quarter that more than offset positive performance in the first and second quarters.

Non-compensation Expenses. The following table shows the components of the non-compensation expenses for the segment for the three months ended September 30, 2009 and 2008:

	Three months ended Sept 30,		Period-to-Period	
	2009	2008	$ Change	% Change
Non-compensation expenses:				
Interest expense	$ 430	$ 330	$ 100	30.3%
Professional, advisory and other fees	4,463	3,818	645	16.9%
Occupancy and equipment	2,446	2,699	(253)	(9.4)%
Depreciation and amortization	1,129	1,351	(222)	(16.4)%
Other	2,284	7,117	(4,833)	(67.9)%
	$ 10,752	$ 15,315	$ (4,563)	(29.8)%

Non-compensation expenses for the segment decreased $4.6 million, or 30%, to $10.8 million for the three months ended September 30, 2009 compared with $15.3 million for the third quarter of 2008. This decrease was primarily attributable to a reduction in client service and business development expenses and expenses associated with the placement agent business. This decrease was partially offset by an increase in professional fees related to the Transactions. As stated above, Ramius exited the placement agent business in the 3rd quarter of 2009.

Reimbursement from Affiliates. Ramius's reimbursements from affiliates for the segment decreased $3.1 million, or 54%, to $2.6 million for the three months ended September 30, 2009 compared with $5.6 million for the third quarter of 2008. The decrease was attributable to lower assets under management in the 2009 period as such allocations are largely made based on a percentage of assets under management.

Non-Controlling Interest. Non-Controlling interest represents the portion of the net income or loss attributable to certain Ramius non-wholly owned subsidiaries that is allocated to other investors.

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Nine Months Ended September 30, 2009 Compared with the Nine Months Ended September 30, 2008

	Nine months ended Sept 30, 2009	2008	Period-to-Period $ Change	% Change
Economic Income Revenues				
Management Fees	$ 40,494	$ 65,614	$ (25,120)	(38.3)%
Incentive Income (Loss)	(11,840)	(3,249)	(8,591)	(264.4)%
Investment Income (Loss)	16,644	(42,423)	59,067	139.2%
Other Revenue	652	2,731	(2,079)	(76.1)%
Total Economic Income Revenues	**45,950**	**22,673**	**23,277**	**102.7%**
Economic Income Expenses				
Compensation & Benefits	50,869	67,703	(16,834)	(24.9)%
Non-compensation expenses	34,326	34,819	(493)	(1.4)%
Reimbursement from affiliates	(8,314)	(12,352)	4,038	(32.7)%
Total Economic Income Expenses	**76,881**	**90,170**	**(13,289)**	**(14.7)%**
Net Economic Income (before non-controlling interest)	(30,931)	(67,497)	36,566	54.2%
Non-Controlling Interest	(957)	2,741	(3,698)	(134.9)%
Economic Income (Loss)	**$ (31,888)**	**$ (64,756)**	**$ 32,868**	**50.8%**

Economic Income Revenues

Management Fees. Management fees for the segment decreased $25.1 million, or 38%, to $40.5 million for the nine months ended September 30, 2009 compared with $65.6 million in the first nine months of 2008. The decrease was due to the decrease in assets under management.

Incentive Income (Loss). Incentive loss for the segment increased $8.6 million to a loss of $11.8 million for the nine months ended September 30, 2009 compared to a loss of $3.2 million for the nine months ended September 30, 2008 primarily as a result of an increase in a reversal, in the current year period, of previously recorded incentive income allocations from Ramius's interests in the general partner of a certain real estate fund pursuant to the terms of the governing documents of such fund. These governing documents state that if the limited partners in these funds would not receive the required cumulative preferred return due to them, the general partner would be obligated to reimburse all incentive income allocations previously received, net of taxes. Based on a hypothetical liquidation of the real estate funds as of September 30, 2009 at then-recorded values, these limited partners would not receive their required cumulative preferred return since the fair values of the underlying investments held by these funds have been marked down from previously recorded values in part due to the continued deterioration in the commercial real estate markets. As a result, Ramius has recognized its share of this reversal of incentive income by the general partners for this obligation. In addition, as of September 30, 2009 there was a $4.6 million accrual pertaining to subordination agreements entered into by the general partners of two real estate funds with those funds' lead investor. Furthermore, many of the funds now have high-water marks so that Ramius will not earn incentive income with respect to the investments of the fund investors who suffered such losses last year until the investors recover their losses.

Investment Income. Investment income for the segment increased $59.1 million, or 139%, to a gain of $16.6 million for the nine months ended September 30, 2009 compared with a loss of $42.4 million in the first nine months of 2008. The increase is a result of positive fund performance in the current year period versus negative performance in the prior year period as a result of the general

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unprecedented levels of market volatility, and liquidity constraints that began in the third quarter of 2008 that affected almost every asset class globally.

Other Revenue. Other revenue for the segment decreased $2.1 million, or 76%, to $0.7 million for the nine months ended September 30, 2009 compared with $2.7 million for the first nine months of 2008. The decrease was primarily due to the elimination of stock loan fee income as Ramius exited that business in the fourth quarter of 2008, and the elimination of placement fee income. Ramius exited the placement agent business in the third quarter of 2009.

Economic Income Expenses

Compensation and Benefits. Compensation and benefits expenses for the segment decreased $16.8 million, or 25%, to $50.9 million for the nine months ended September 30, 2009 compared with $67.7 million in the first nine months of 2008. The decrease was driven by lower accruals for incentive compensation and lower base salaries and benefit expense associated with a reduction in head count from 241 employees as of September 30, 2008 to 147 employees as of September 30, 2009.

Non-compensation Expenses. The following table shows the components of the non-compensation expenses for the segment for the nine months ended September 30, 2009 and 2008:

	Nine months ended Sept 30,		Period-to-Period	
	2009	**2008**	**$ Change**	**% Change**
Non-compensation expenses:				
Interest expense	$ 1,103	$ 923	$ 180	19.5%
Professional, advisory and other fees	13,633	10,106	3,527	34.9%
Occupancy and equipment	7,519	8,863	(1,344)	(15.2)%
Depreciation and amortization	3,563	2,955	608	20.6%
Other	8,508	11,972	(3,464)	(28.9)%
	$ 34,326	$ 34,819	$ (493)	(1.4)%

Non-compensation expenses for the segment decreased $0.5 million, or 1%, to $34.3 million for the nine months ended September 30, 2009 compared with $34.8 million for the first nine months of 2008. While the aggregate amount remained relatively unchanged, the mix of expenses changed as professional, advisory and other fees increased primarily due to the Transactions and legal fees incurred in connection with an arbitration initiated by Ramius increased in 2009. These increases were more than offset by a decrease in occupancy and equipment, as a result of Ramius subleasing its former office space for the entire nine months ended September 30, 2009 and only for the second and third quarters of 2008, a decrease in client service and business development expenses and a decrease in expenses related the placement agent and stock loan businesses, each of which Ramius has exited. Ramius does not expect to incur additional expense in connection with the arbitration matter referenced above.

Reimbursement from Affiliates. Ramius's reimbursements from affiliates for the segment decreased $4.0 million, or 33%, to $8.3 million for the nine months ended September 30, 2009 compared with $12.4 million for the first nine months of 2008. The decrease was attributable to lower assets under management in the 2009 period as such allocations are largely made based on a percentage of assets under management.

Non-Controlling Interest. Non-Controlling interest represents the portion of the net income or loss attributable to certain Ramius non-wholly owned subsidiaries that is allocated to other investors.

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Year Ended December 31, 2008 Compared with the Year Ended December 31, 2007

	Year ended December 31,		Period-to-Period	
	2008	2007	$ Change	% Change
	(dollars in thousands)			
Economic Income Revenues				
Management Fees	$ 84,621	$ 77,001	$ 7,620	9.9%
Incentive Income (Loss)	(7,329)	60,239	(67,568)	NM
Investment Income (Loss)	(104,939)	118,789	(223,728)	NM
Other Revenue	4,004	2,871	1,133	39.5
Total Economic Income Revenues	**(23,643)**	**258,900**	**(282,543)**	**NM**
Economic Income Expenses				
Compensation & Benefits	84,769	123,511	(38,742)	(31.4)
Non-compensation expenses	46,284	54,730	(8,446)	(15.4)
Reimbursement from affiliates	(16,330)	(7,086)	(9,244)	130.5
Total Economic Income Expenses	**114,723**	**171,155**	**(56,432)**	**(33.0)**
Net Economic Income (Loss) (before non-controlling interest)	(138,366)	87,745	(226,111)	NM
Non-Controlling Interest	5,501	(10,487)	15,988	NM
Economic Income (Loss)	**$ (132,865)**	**$ 77,258**	**$ (210,123)**	**NM**

Economic Income Revenues

Management Fees. Management fees for the segment increased $7.6 million, or 10%, to $84.6 million for the year ended December 31, 2008 compared with $77.0 million in 2007. The increase was primarily driven by a $4.8 million increase in management fees as a result of first offering the Enterprise Fund to outside investors in January 2008 and a $6.8 million increase in management fees from the real estate funds. These increases were partially offset by a decrease of $4.2 million in other management fees from managing CDOs because Ramius elected to rebate these fees in 2008.

Incentive Income (Loss). Incentive income for the segment decreased in 2008 by $67.6 million to a loss of $7.3 million for the year ended December 31, 2008 compared with income of $60.2 million in 2007. The decrease was driven by the negative performance in the Ramius funds in 2008 resulting from challenging market conditions, as well as a $7.3 million decrease of incentive allocation amounts previously allocated to the general partners of certain real estate funds which, under the governing documents of these funds, the general partners are required to pay back to the investors. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2008 fund performance.

Investment Income (Loss). Investment income for the segment decreased $223.7 million to a loss of $104.9 million for the year ended December 31, 2008 compared with income of $118.8 million in 2007. The decrease was primarily driven by the negative performance of Ramius's own invested capital in 2008 resulting from challenging market conditions. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Fund Performance" for a further discussion of 2008 fund performance.

Other Revenue. Other revenue for the segment increased $1.1 million, or 39%, to $4.0 million for the year ended December 31, 2008 compared with $2.9 million in 2007. The increase in 2008 was primarily due to a gain on a sale leaseback transaction that is being recognized over the remaining

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lease period and, to a lesser extent, increased placement fees received by a non-wholly owned subsidiary.

Economic Income Expenses

Compensation and Benefits. Compensation and benefits expenses for the segment decreased $38.7 million, or 31%, to $84.8 million for the year ended December 31, 2008 compared with $123.5 million in 2007. The decrease was primarily driven by a $42.5 million decrease in incentive compensation, partially offset by a $3.7 million increase in salaries and benefits.

Non-compensation Expenses. The following table shows the components of the non-compensation expenses for the segment for year ended December 31, 2008 and 2007:

	Year ended December 31,		Period-to-Period	
	2008	**2007**	**$ Change**	**% Change**
		(dollars in thousands)		
Non-compensation expenses:				
Interest expense	$ 1,500	$ 539	$ 961	178.3%
Professional, advisory and other fees	13,803	28,172	(14,369)	(51.0)
Occupancy and equipment	11,401	7,249	4,152	57.3
Depreciation and amortization	4,611	2,073	2,538	122.4
Other	14,969	16,697	(1,728)	(10.3)
	$ 46,284	$ 54,730	$ (8,446)	(15.4)%

Non-compensation expenses for the segment decreased $8.4 million, or 15%, to $46.3 million for the year ended December 31, 2008 compared with $54.7 million in 2007. The decrease was primarily attributable to a $14.4 million reduction in professional, advisory and other fees. Such fees were higher in 2007 primarily due to $5.5 million in legal fees incurred in connection with an arbitration initiated by Ramius and the voluntary reimbursement to certain unconsolidated Ramius funds for third party advisory fees of $7.1 million previously recorded by the funds. This reduction was partially offset by additional expenses incurred by Ramius from renovating and relocating to new office space. In 2007, Ramius leased and renovated its new principal office space in New York City. Ramius moved into its new office space in March 2008 and entered into a sublease for its former office space for the remainder of the term of the existing lease. The renovation, relocation and sublease resulted in a $4.2 million increase in occupancy and equipment expenses and a $2.5 million increase in depreciation and amortization.

Reimbursement from Affiliates. Reimbursements from affiliates for the segment increased $9.2 million, or 130%, to $16.3 million for the year ended December 31, 2008 compared with $7.1 million in 2007. In 2008, Ramius conducted a review of the expenses it allocated to its funds and determined that it was not making sufficient allocations. Therefore, as permitted under the respective funds' offering documents, Ramius allocated back to certain of its funds and management companies a higher percentage of expenses that Ramius had incurred on behalf of those funds than it had in 2007. In addition, beginning in 2008, the investment expenses attributable to Ramius's own invested capital were allocated to the Enterprise Fund and recognized as a reimbursement to Ramius. Prior to 2008, such expenses had been borne directly by Ramius.

Non-Controlling Interest. Non-Controlling interest represents the portion of the net income or loss attributable to Ramius non-wholly owned subsidiaries that is allocated to other investors.

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Year Ended December 31, 2007 Compared with the Year Ended December 31, 2006

	Year ended December 31, 2007	Year ended December 31, 2006	Period-to-Period $ Change	Period-to-Period % Change
	(dollars in thousands)			
Economic Income Revenues				
Management Fees	$ 77,001	$ 63,814	$ 13,187	20.7%
Incentive Income	60,239	83,747	(23,508)	(28.1)
Investment Income	118,789	56,412	62,377	110.6
Other Revenue	2,871	1,621	1,250	77.1
Total Economic Income Revenues	**258,900**	**205,594**	**53,306**	**25.9**
Economic Income Expenses				
Compensation & Benefits	123,511	112,433	11,078	9.9
Non-compensation expenses	54,730	27,150	27,580	101.6
Reimbursement from affiliates	(7,086)	(4,070)	(3,016)	74.1
Total Economic Income Expenses	**171,155**	**135,513**	**35,642**	**26.3**
Net Economic Income (before non-controlling interest)	87,745	70,081	17,664	25.2
Non-Controlling Interest	(10,487)	(4,711)	(5,776)	122.6
Economic Income	**$ 77,258**	**$ 65,370**	**$ 11,888**	**18.2%**

Economic Income Revenues

Management Fees. Management fees for the segment increased $13.2 million, or 21%, to $77.0 million for the year ended December 31, 2007 compared with $63.8 million in 2006. The increase was primarily driven by a $8.8 million increase as a result of increased assets under management in the Ramius funds, as well as a $3.7 million increase in real estate management fees.

Incentive Income. Incentive income for the segment decreased $23.5 million, or 28%, to $60.2 million for the year ended December 31, 2007 compared with $83.7 million in 2006. The decrease was primarily due to a $32.3 million decrease in incentive income from the Ramius funds due to lower investment performance which was partially offset by a $12.7 million increase in incentive income from the fund of funds. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2007 fund performance.

Investment Income. Investment income for the segment increased $62.4 million, or 111%, to $118.8 million for the year ended December 31, 2007 compared with $56.4 million in 2006. In 2007, Ramius completed an offering of interests in Ramius resulting in net proceeds of $99.5 million. The increase is primarily a result of the investment of these proceeds and improved performance of Ramius's own invested capital. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for a further discussion of 2007 fund performance.

Other Revenue. Other revenue for the segment increased $1.3 million, or 77%, to $2.9 million for the year ended December 31, 2007 compared with $1.6 million in 2006. The increase was due to placement fee income received by a non-wholly owned subsidiary of Ramius that engaged in the distribution of interests in the real estate funds.

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Economic Income Expenses

Compensation and Benefits. Compensation and benefits expenses for the segment increased $11.1 million, or 10%, to $123.5 million for the year ended December 31, 2007 compared with $112.4 million in 2006. The increase was primarily driven by an increase in incentive compensation and an increase in employees in 2007 compared to 2006, as new businesses began being developed.

Non-compensation Expenses. The following table shows the components of the non-compensation expenses for the segment for year ended December 31, 2007 and 2006:

	Year ended December 31,		Period-to-Period	
	2007	2006	$ Change	% Change
	(dollars in thousands)			
Non-compensation expenses:				
Interest expense	$ 539	$ 2,012	$ (1,473)	(73.2)%
Professional, advisory and other fees	28,172	12,720	15,452	121.5
Occupancy and equipment	7,249	3,405	3,844	112.9
Depreciation and amortization	2,073	3,237	(1,164)	(36.0)
Other	16,697	5,776	10,921	189.1
	$ 54,730	$ 27,150	$ 27,580	101.6%

Non-compensation expenses for the segment increased $27.6 million, or 102%, to $54.7 million for the year ended December 31, 2007 compared with $27.1 million in 2006. The increase was primarily driven by a $15.5 million increase in professional, advisory and other fees. Such fees were higher in 2007 primarily due to $5.5 million in legal fees incurred in connection with an arbitration initiated by Ramius and the voluntary reimbursement to certain unconsolidated Ramius funds for third party advisory fees of $7.1 million previously recorded by the funds. There was also a $10.9 million increase in other expenses as a result of expenses in general increasing across several categories including travel, communications, and other office expenses primarily due to the increase in headcount employees. There were also additional expenses incurred by Ramius in 2007 in connection with renovating new office space. In 2007, Ramius leased and began renovating its new principal office space in New York City. The new lease and renovation resulted in a $3.8 million increase in occupancy and equipment expenses.

Reimbursement from Affiliates. Reimbursements from affiliates for the segment increased $3.0 million, or 74%, to $7.1 million for the year ended December 31, 2007 compared with $4.1 million in 2006. The increase was primarily from the increase in aggregate assets under management resulting in Ramius allocating a larger portion of the expenses it incurred on behalf of the funds back to the funds as allowed under the respective offering documents.

Liquidity and Capital Resources

We continually monitor our liquidity position. The working capital needs of the Company's business have been met through current levels of equity capital, current cash and cash equivalents, and anticipated cash generated from our operating activities, including management fees, incentive income returns on the Company's own capital, investment banking fees and brokerage commissions. The Company expects that its primary working capital liquidity needs over the next twelve months will be to:

- pay its operating expenses, primarily consisting of compensation and benefits and general and administrative expenses;
- repay borrowings and related interest expense; and

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provide capital to facilitate the growth of its existing business.

Based on its historical results, management's experience, its current business strategy and current assets under management, the Company believes that its existing cash resources will be sufficient to meet its anticipated working capital and capital expenditure requirements for at least the next twelve months. Its cash reserves include cash, cash equivalents, assets readily convertible into cash such as our securities held in inventory and the Company's special withdrawal rights from the Enterprise Fund which it can use to fund operations. Securities inventories are stated at fair value and are generally readily marketable. As of September 30, 2009, we had cash and cash equivalents of $95.7 million. However, the Company has agreed, until December 31, 2009, not to withdraw its capital from the Enterprise Fund if, after such withdrawal, its investment in the Enterprise Fund would be less than $250 million. At September 30, 2009, Ramius's investment in the Enterprise Fund was valued at $276 million. Ramius has submitted a redemption request to the Enterprise Fund to withdraw up to an aggregate of $75 million from the Enterprise Fund as of December 31, 2009, but has not yet determined the amount of capital that it will actually withdraw.

The timing of cash bonus payments to our employees may significantly affect our cash position and liquidity from period to period. While our employees are generally paid salaries bi-weekly during the year, cash bonus payments, which can make up a significant portion of total compensation, are generally paid once a year in February.

The Company has committed to invest $27.0 million in the aggregate to the CHRP Fund as a limited partner of the CHRP Fund and also as a member of Cowen Healthcare Royalty GP, LLC, the general partner of the CHRP Fund. This commitment is expected to be called over a two to three year period. The Company will make its pro-rata investment in the CHRP Fund along with the other limited partners. Through September 30, 2009, the Company has funded $15.2 million towards these commitments.

As a registered broker-dealer and member firm of the NYSE, Cowen and Company is subject to the Uniform Net Capital Rule of the SEC. We have elected to use the alternative method permitted by the Uniform Net Capital Rule, which generally requires that we maintain minimum net capital of $1.0 million. The NYSE may prohibit a member firm from expanding its business or paying dividends if resulting net capital would be below the regulatory limit. We expect these limits will not impact our ability to meet current and future obligations.

At September 30, 2009, Cowen and Company's net capital under the SEC's Uniform Net Capital Rule was $62.2 million, or $61.2 million in excess of the minimum required net capital.

CIL and Ramius UK Limited (which we refer to as Ramius UK) are subject to the capital requirements of the FSA of the U.K. Financial resources must exceed the total financial resources requirement of the FSA. At September 30, 2009, CIL's financial resources of $8.6 million and Ramius UK's financial resources of $1.7 million exceeded the minimum requirement of $3.1 million and $0.5 million by $5.5 million and $1.2 million, respectively.

CLAL is subject to the financial resources requirements of the SFC of Hong Kong. Financial resources, as defined, must exceed the total financial resources requirement of the SFC. At September 30, 2009, CLAL's financial resources of $0.3 million exceeded the minimum requirement of $0.03 million by $0.3 million.

The Company may also incur additional indebtedness or raise additional capital under certain circumstances to respond to market opportunities and challenges. Current market conditions may make it more difficult or costly to borrow additional funds or raise additional capital. In addition, our secured revolving credit facility with HVB AG referenced below prohibits us and certain of our subsidiaries from incurring any indebtedness, other than certain indebtedness permitted under the facility.

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Cowen Group Secured Revolving Credit Agreement

On November 2, 2009, Cowen Group entered into a secured revolving credit agreement with HVB AG, as administrative agent, issuing bank, fronting lender and a lender. The credit agreement provides a secured, revolving loan facility of up to $50 million, including a $7 million sub-facility for existing letters of credit. On January 4, 2010, the commitment automatically reduces from $50 million to $25 million and remains at $25 million until maturity. The stated maturity date is September 29, 2011. The credit agreement may not be terminated by Cowen Group prior to the stated maturity date, even if there are no amounts outstanding thereunder and even if the total commitments thereunder have been permanently reduced to zero. The actual amount available to Cowen Group under the credit agreement from November 2, 2009 until January 4, 2010 is the lesser of (a) $50 million and (b) 20% of the net asset value of Cowen Group's and Ramius's aggregate limited partnership interests held in Ramius Enterprise L.P.. At January 4, 2010, the available amount is the lesser of (x) $25 million and (y) 15% of the net asset value of Cowen Group's and Ramius's aggregate limited partnership interests held in Ramius Enterprise LP. At the election of Cowen Group, borrowings under the credit agreement bear interest per annum (based on a 360-day year) equal to either (i) the prime rate plus 1.5% or (ii) LIBOR plus 3.5%. Cowen is required to pay a quarterly commitment fee on the undrawn portion of the revolving loan facility equal to 1.0% per annum. The credit agreement contains customary representations and warranties and covenants for a credit agreement of this type, including covenants restricting, among other things, Cowen Group's ability to incur indebtedness, create liens on assets, engage in mergers or consolidations, dispose of assets, engage in transactions with affiliates or make distributions or other restricted payments. The credit agreement is secured by 100% of the limited partnership interests of Ramius Enterprise LP held by Cowen Group and Ramius. The credit agreement was fully drawn as of the date hereof.

Cowen Holdings Letters of Credit

Cowen Holdings has an irrevocable letter of credit for $5.0 million, expiring on December 1, 2009, which supports obligations under Cowen Holdings' Boston office lease. Cowen Holdings also has two additional irrevocable letters of credit, the first of which is for $100,000, expiring on July 26, 2010, supporting workers' compensation insurance with Safety National Casualty Corporation, and the third of which is for $57,000, expiring on November 14, 2010, supporting Cowen Healthcare Royalty's Stamford office lease. To the extent any letter of credit is drawn upon, interest will be assessed at the prime commercial lending rate. As of September 30, 2009, there were no amounts due related to these letters of credit.

Cash Flows Analysis

Ramius's primary sources of cash are derived from its operating activities, fees, realized returns on its own invested capital, capital contributions and borrowings under its line of credit. Ramius's primary uses of cash include compensation, general and administrative expenses, capital withdrawals and payments of interest and principal under its line of credit. The consolidation and deconsolidation of various Ramius funds and operating entities in 2008, 2007 and 2006 resulted in substantially different cash flows from operating, investing and financing activities due to classification differences. Beginning in the fourth quarter of 2007, Ramius transferred substantially all of its own capital to the Enterprise Fund in exchange for an investment in the fund which it consolidated. The 2006 cash flow includes the consolidation of numerous funds and operating entities that were not consolidated in 2007 or 2008 due to various changes in structure. As a result, the cash flow amounts from operating, investing and financing activities for the years ended December 31, 2008, 2007 and 2006 are not comparable. For a discussion of the cash flows of our investment banking business see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings."

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Operating Activities. Net cash provided by operating activities of $32.3 million for the nine months ended September 30, 2009 was predominately related to proceeds from sales of securities and sales of other investments, partially offset by a net cash loss and purchases of securities owned . Net cash used in operating activities of $96.7 million for the year ended December 31, 2008 was predominately related to a net cash loss, partially offset by the reduction in securities owned and fees receivable. In 2008, Ramius wound down its securities lending operation which resulted in a significant change in receivables from brokers mostly offset by a corresponding change in payable to brokers. Ramius generated net cash from operating activities of $51.8 million and $54.2 million for the years ended December 31, 2007 and 2006 respectively. The significant inflows and outflows of cash from operating activities during these two years were primarily caused by Ramius investing its own capital directly and the consolidation of numerous funds and operating entities.

Investing Activities. Net cash provided by investing activities of $7.8 million for the nine months ended September 30, 2009 was primarily due to the proceeds from sale of other investments. Net cash used in investing activities of $18.6 million for the nine months ended September 30, 2008 was the result of the net purchase of fixed assets related to the relocation of Ramius's headquarters into new office space. Net cash used in investing activities of $16.1 million for the year ended December 31, 2008 was primarily due to the purchase of fixed assets related to the relocation of Ramius's headquarters into new office space. Net cash used in investing activities of $87.8 million for the year ended December 31, 2007 was the result of the net purchases of other investments and the purchase of fixed assets in anticipation of the relocation to the new office space. Net cash used in investing activities of $14.4 million for the year ended December 31, 2006 was primarily due to the net purchases of investments.

Financing Activities. While the net cash used in financing activities for the nine months ended September 30, 2009 was $80.9 million, the financing activities excluding the consolidated entities used net cash of $18.0 million primarily due to net withdrawals of member's capital. For nine months ended September 30, 2008 net cash provided by financing activities was $158.0 million, however, the financing activities excluding the consolidated entities used net cash of $13.5 million primarily driven by a net withdrawal of $19 million of member's capital. While the net cash provided by financing activities for the year ended December 31, 2008 was $141.6 million, the financing activities excluding the consolidated entities used net cash of $11.7 million primarily due to net withdrawals of member's capital. In 2007, net cash provided by financing activities was $31.7 million, however, the financing activities excluding the consolidated entities provided net cash of $76.2 million primarily driven by a Ramius rights offering of $105.7 million partially offset by settling of securities sold under agreement to repurchase. Finally, net cash used in financing activities for the year ended December 31, 2006 was $19.3 million, however, financing activities excluding the consolidated entities provided net cash of $36.7 million primarily due to net borrowings on Ramius's line of credit and cash provided by securities sold under agreement to repurchase.

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Contractual Obligations

The following tables summarize Ramius's and Cowen Holdings's contractual cash obligations as of December 31, 2008:

Contractual Obligations of Ramius at December 31, 2008

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(in thousands of dollars)				
Operating Lease					
Real estate	$ 107,463	$ 9,851	$ 23,141	$ 22,683	$ 51,789
Aircraft	8,946	1,760	5,279	1,906	
Total:	$ 116,409	$ 11,611	$ 28,420	$ 24,589	$ 51,789
Debt					
Ramius Line of Credit	$ 43,000	$ 43,000			
Ramius Letter of Credit	6,948	6,948			
Benefit Plan	962(1)				
Total:	$ 50,910	$ 49,948			

(1) Estimated 2009 funding requirements for Ramius's defined benefit plan. Future contributions to the plan beyond 2009 cannot reasonably be estimated and are excluded from the table above.

Contractual Obligations of Cowen Holdings at December 31, 2008

	Payments due by Period				
	Total	2009	2010	2011-2012	2013 and thereafter
	(in thousands)				
Operating lease obligations	$ 50,015	$ 9,796	$ 9,780	$ 18,962	$ 11,477
Other contractual obligations	16,052	11,306	4,746		
Total	$ 66,067	$ 21,102	$ 14,526	$ 18,962	$ 11,477

Operating lease obligations represent leases on Cowen Holdings' office locations. Other contractual obligations represent agreements related to the outsourcing of certain information technology services.

Off-Balance Sheet Arrangements

Neither Ramius nor Cowen Holdings had any material off-balance sheet arrangements as of December 31, 2008. However, through indemnification provisions in its clearing agreement, customer activities may expose Cowen Holdings to off-balance-sheet credit risk. Pursuant to the clearing agreement, Cowen Holdings is required to reimburse our clearing broker, without limit, for any losses incurred due to a counterparty's failure to satisfy its contractual obligations. However, these transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through the settlement date. See the section titled "Qualitative and Quantitative Disclosures About Market Risk Credit Risk."

Cowen and Company is a member of various securities exchanges. Under the standard membership agreement, members are required to guarantee the performance of other members and, accordingly, if another member becomes unable to satisfy its obligations to the exchange, all other members would be required to meet the shortfall. Cowen and Company's liability under these

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arrangements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, management believes that the potential for Cowen and Company to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is carried in the Cowen Holdings Consolidated Statements of Financial Condition located elsewhere in this prospectus for these arrangements.

Critical Accounting Policies and Estimates

Critical accounting policies are those that require Ramius to make significant judgments, estimates or assumptions that affect amounts reported in its consolidated financial statements or the notes thereto. Ramius bases its judgments, estimates and assumptions on current facts, historical experience and various other factors that Ramius believes to be reasonable and prudent. Actual results may differ materially from these estimates. See Note 2 to Ramius's audited consolidated financial statements, for a description of its accounting policies. For a discussion of the critical accounting policies of our investment banking business see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings."

The following is a summary of what Ramius believes to be its most critical accounting policies and estimates:

Consolidation

Ramius has consolidated entities which comprise (i) entities in which Ramius has an investment of 50% or more and has control over significant operating, financial and investing decisions of the entity, including Ramius operating entities and (ii) currently four Ramius funds in which Ramius is the general partner and has substantive, controlling general partner interest. Ramius's funds that are subject to specialized accounting are not required to consolidate their investments. The analysis as to whether to consolidate an entity is subject to a significant amount of judgment. Some of the criteria considered are the determination as to the degree of control over an entity by its various equity holders, the design of the entity, how closely related the entity is to each of its equity holders, the relation of the equity holders to each other and a determination of the primary beneficiary in entities in which Ramius has variable interest. These analyses involve estimates based on the assumptions of management.

Ramius's consolidated financial statements reflect the assets, liabilities, revenues, expenses and cashflows of the consolidated Ramius funds on a gross basis. The management fees and incentive income earned by Ramius from the consolidated Ramius funds were eliminated in consolidation; however, Ramius's allocated share of net income from these funds was increased by the amount of this eliminated income. Hence, the consolidation of these Ramius funds had no net effect on Ramius's net earnings.

Fair Value of Investments

Ramius is the manager of Ramius funds and in certain cases participates in the valuation of underlying investments, many of which are illiquid and/or without a public market. The fair value of these investments is generally estimated based on proprietary models developed by Ramius, which include discounted cash flow analyses, public market comparables, and other techniques and may be based, at least in part, on independently sourced market information. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, timing of, and estimated proceeds from expected financings. Significant judgment and estimation goes into the selection of an appropriate valuation methodology as well as the assumptions used in these models include the timing and the actual values realized with respect to investments could be materially

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different from values obtained based on the use of those estimates. The valuation methodologies applied impact the reported value of Ramius's investments in the Ramius funds in Ramius's consolidated financial statements.

The Company discloses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Ramius has the ability to access at the measurement date;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
Level 3	Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes "observable" requires significant judgment by Ramius. Ramius considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Ramius's perceived risk of that instrument.

Ramius uses the "market approach" valuation technique to value its financial instruments measured at fair value. In determining an instrument's placement within the hierarchy, Ramius separates Ramius's financial instruments into three categories: securities owned, derivative contracts and other investments.

Securities. Securities whose values are based on quoted market prices in active markets for identical assets, and are therefore classified in level 1 of the fair value hierarchy, include active listed equities, certain U.S. government and sovereign obligations, and certain money market securities. Ramius does not adjust the quoted price for such instruments, even in situations where Ramius holds a large position and a sale could reasonably impact the quoted price.

Derivative contracts. Derivative contracts can be exchange-traded or privately negotiated over-the-counter (which we refer to as OTC). Exchange-traded derivatives, such as futures contracts and exchange traded option contracts, are typically classified within level 1 or level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded. OTC derivatives, such as generic forwards, swaps and options, have inputs which can generally be corroborated by market data and are therefore classified within level 2.

Other investments. Other investments measured at fair value consist primarily of portfolio funds and real estate investments, which are valued as follows:

Portfolio Funds. Portfolio funds include interests in Ramius funds and investment companies managed externally by unaffiliated managers. Substantially all of Ramius's investments in portfolio funds have been classified within level 2 or level 3 of the fair value hierarchy, as quoted prices in active markets are typically not available. The determination of whether a portfolio fund is categorized within level 2 or level 3 of the fair value hierarchy is generally determined by the amount of liquidity provided to investors in the fund, the observability of ongoing redemption and/or subscription activity, and the nature of the underlying investments. Due to their relative lack of liquidity, investments in fund of funds are classified as level 3.

Real estate investments. Real estate investments are valued at estimated fair value. The fair value of real estate investments are estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Real estate investments without a public market are valued based on assumptions and valuation techniques used by Ramius. Such valuation techniques may include discounted cash flow analysis, prevailing market capitalization rates or earning multiples applied to earnings from the investment, analysis of recent comparable sales transactions, actual sale negotiations and bona fide purchase offers received from third parties, consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence, as well as independent external appraisals. In general, Ramius considers several valuation techniques when measuring the fair value of a real estate investment. However, in certain circumstances, a single valuation technique may be appropriate. Ramius also considers the type of real estate investments (stabilized/core vs. value-add/opportunistic) in choosing a suitable valuation technique. Real estate investments are reviewed on a quarterly basis by Ramius for significant changes at the property level or a significant change in the overall market which would impact the value of the real estate investment resulting in unrealized appreciation or depreciation.

Ramius also reflects its real estate equity investments net of investment level financing. Valuation adjustments attributable to underlying financing arrangements are considered in the real estate equity valuation based on amounts at which the financing liabilities could be transferred to market participants at the measurement date regardless of whether or not the transfer is permitted by the loan documents.

Real estate and capital markets are cyclical in nature. Property and investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates and interest and inflation rates. In addition, Ramius invests in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable. In addition, there continues to be significant disruptions in the global capital, credit and real estate markets. These disruptions have led to, among other things, a significant decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. The decline in liquidity and prices of real estate and real estate related investments, as well as the availability of observable transaction data and inputs, may have made it more difficult to determine the fair value of such investments. As a result, amounts ultimately realized by Ramius from investments sold may differ from the fair values presented, and the differences could be material.

Ramius's real estate investments are typically categorized as Level 3 within the fair value hierarchy as management uses significant unobservable inputs in determining their estimated fair value.

Underlying investments in Portfolio Funds. The determination of where a portfolio fund is categorized in the fair value hierarchy as presented in these financial statements is determined by pricing inputs specific to the fund such as observable subscription and redemption activity, rather than its underlying investments. As a result the underlying investments held in the portfolio funds may be classified at a different level within the fair value hierarchy to that for the portfolio fund holding such

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investments. The underlying investments held by the portfolio funds are generally categorized as follows:

- Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, certain U.S. government and sovereign obligations, and certain money market securities.

- Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These may include certain U.S. government and sovereign obligations, certain government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities and certain loan commitments. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate). When observable prices are not available for these securities, one or more valuation techniques (e.g., the market approach or the income approach) are used for which sufficient and reliable data is available. Within level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used in estimating the value of level 3 investments may include the original transaction price, recent transactions in the same or similar instruments, completed or pending third party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated in the absence of market information. The fair value measurement of level 3 investments excludes transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the portfolio funds due to the lack of observable inputs may significantly impact the resulting fair value and therefore Ramius's results of operations.

Because of the inherent uncertainty of valuation for Ramius's investments and related derivatives, including other investments and the underlying investments held by the portfolio funds, the estimated fair values assigned may differ from the values that would have been used had a ready market existed for these investments, and the differences may be material.

Incentive Income

Ramius is entitled to incentive income on the net profits, defined in the investment management agreement, allocable for each fiscal year that exceeds cumulative unrecovered net losses, if any, that have carried forward from prior years. Ramius has elected to adopt Method 2 of EITF Topic D-96, Accounting for Arrangement Fees Based on a Formula. Under Method 2, the incentive income of Ramius's funds and managed accounts for any period is based upon the net profits of Ramius funds at the reporting date. Any incentive income recognized in a quarter's consolidated statement of operations may be subject to clawback in a subsequent quarter.

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Impairment of Goodwill

Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Ramius fund of funds reporting unit to its carrying amount, including goodwill. In performing the first step, Ramius determines the fair value of a reporting unit using a combination of a discounted cash flow (which we refer to DCF), analysis and price multiples approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the price multiples approach. The cash flows employed in the DCF analyses are based on Ramius most recent budget and, for years beyond the budget, Ramius's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of Ramius. In addition, the price multiples approach uses comparable publicly traded investment management companies using various operating metrics. If the estimated fair value of the Ramius fund of funds reporting unit exceeds its carrying amount, its goodwill is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Ramius fund of funds reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the Ramius fund of funds reporting unit goodwill with its carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Ramius fund of funds reporting unit is allocated to all of its assets and liabilities (including any unrecognized intangible assets) as if the Ramius fund of funds reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the Ramius fund of funds reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess. Goodwill is tested annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances.

In the fourth quarter of 2008, Ramius conducted a goodwill test for the fund of funds reporting unit and determined that $10.2 million of goodwill was impaired and a corresponding charge was recorded. The aggregate impairment charge was primarily attributable to decline in the assets under management at the Ramius fund of funds reporting unit and the resulting decline in the expected management and incentive income. The assets under management declined from 2007 to 2008 by $1.30 billion or 33% (2007 assets under management at $3.87 billion vs. 2008 assets under management at $2.57 billion), primarily as a result of the difficult market environment in the second half of 2008. Consistent with other fund of funds managers, the Ramius fund of funds business experienced significant negative performance in 2008. As such, the business will need to recoup significant positive performance going forward to meet high water marks (approximately 22%) before the business would earn incentive income. Significant judgments inherent in this analysis include the selection of appropriate weighted average cost of capital, estimating the amount and timing of estimated future cash flows attributable to management and incentive income and appropriate terminal growth rate assumptions. The discount rates used in the DCF analyses are intended to reflect the risk inherent in the projected future cash flow. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company Assets Under Management and Fund Performance Fund Performance" for additional discussion of 2008 fund performance.

Adoption of New Accounting Pronouncements

Ramius adopted a new accounting standard, effective January 1, 2009, which requires changes to the accounting for transaction costs, certain contingent assets and liabilities, and other balances in a business combination. In addition, in partial acquisitions, when control is obtained, the acquiring

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company must measure and record all of the target's assets and liabilities, including goodwill, at fair value as if the entire target company had been acquired. Ramius has applied the provisions of this standard to business combinations occurring after December 15, 2008. Adoption of this standard did not affect the Ramius's financial condition, results of operations or cash flows, but will have an effect on accounting for business combinations occurring subsequent to the date of adoption, including the transaction as discussed the Transaction Agreement and Agreement and Plan of Merger.

In June 2009, the FASB issued a new accounting standard which revises the accounting for variable interest entities ("VIEs") introducing a new consolidation model. This new standard changes the approach to determining the primary beneficiary of a VIE and requires companies to more frequently assess whether they must consolidate VIEs. The new model identifies two primary characteristics of a controlling financial interest: (1) the power to direct significant activities of the VIE, and (2) the obligation to absorb losses of and/or provide rights to receive benefits from the VIE. Management had recently begun to evaluate the application of it to Ramius and concluded that under this new model the Company may be required to consolidate an additional number of funds which are VIEs. In November 2009, the FASB proposed an indefinite deferral to the initial adoption of this standard by asset managers such as Ramius.

Effective January 1, 2009, Ramius adopted a new accounting pronouncement which is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Since this standard requires only additional disclosures concerning derivatives and hedging activities, the adoption of it did not affect the Company's financial condition, results of operations or cash flows. See Note 3 for further information regarding the Company's investments and fair value measurements.

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Effective January 1, 2009, Ramius adopted a new accounting pronouncement which requires enhanced disclosures about credit derivatives and guarantees. Since this pronouncement only requires additional disclosures concerning credit derivatives and guarantees, adoption of it does not have an effect on the Company's financial condition, results of operations or cash flows. See Note 3 for further information regarding the Company's investments and fair value measurements.

Quantitative and Qualitative Disclosures about Market Risk

The Company's primary exposure to market risk is a function of our role as investment manager for the Ramius funds and managed accounts and our role as a financial intermediary in custom trading and our market making activities, as well as the fact that a significant portion of our own capital is invested in securities. Adverse movements in the prices of securities that are either owned or sold short may negatively impact the Company's management fees and incentive income, as well as the value of our own invested capital.

The market value of the assets and liabilities with Ramius's funds and managed accounts, as well as the Company's own securities, may fluctuate in response to changes in equity prices, interest rates, credit spreads, currency exchange rates, commodity prices, implied volatility, dividends, prepayments, recovery rates and the passage of time. The net effect of market value changes caused by fluctuations in these risk factors will result in gains (losses) for Ramius's funds and managed accounts which will impact Ramius's management fees and incentive income and for the Company's securities which will impact the value of our own invested capital as well as the capital utilized in facilitating customer trades.

The Company's risk measurement and risk management processes are an integral part of our daily investment process as well as market making and customer facilitation trading activities. These processes are implemented at the individual position, strategy and total portfolio levels and are designed to provide a complete picture of the Company's funds' and managed accounts' risks. The key elements of our risk reporting include sensitivities, exposures, stress testing and profit and loss attribution. As a result of our views of levels of risk being taken, the firm may undertake to hedge out some or all of any or all risks at either the individual position, strategy or total portfolio levels.

Impact on Management Fees

Ramius's management fees are based on the net asset value of the Ramius funds and managed accounts. Accordingly, management fees will change in proportion to changes in the market value of investments held by the Ramius funds and managed accounts.

Impact on Incentive Income

Ramius's incentive income is generally based on a percentage of the profits of the various Ramius funds and managed accounts, which is impacted by global economies and market conditions and other factors. Consequently, incentive income cannot be readily predicted or estimated.

Custody and prime brokerage risks

There are risks involved in dealing with the custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where Ramius's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime broker, or where Ramius's assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing Ramius's rights to its assets in the case of an insolvency of any such party. For additional information, also see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of the

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Company   Assets Under Management and Fund Performance   Fund Performance   2008 Fund Performance   Lehman Brothers" above.

Market risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. Market risk may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Our exposure to market risk is primarily related to the fluctuation in the fair values of securities owned and sold, but not yet purchased in the Ramius funds and our role as a financial intermediary in customer trading and to our market making and investment activities. Market risk is inherent in financial instruments and risks arise in options, warrants and derivative contracts from changes in the fair values of their underlying financial instruments. Securities sold, but not yet purchased, represent obligations of the Ramius funds to deliver specified securities at contracted prices and thereby create a liability to repurchase the securities at prevailing future market prices. We trade in equity securities as an active participant in both listed and over the counter markets. We typically maintain securities in inventory to facilitate our market making activities and customer order flow. We may use a variety of risk management techniques and hedging strategies in the ordinary course of our trading business to manage our exposures. In connection with our trading business, management also reviews reports appropriate to the risk profile of specific trading activities. Typically, market conditions are evaluated and transaction details and securities positions are reviewed. These activities are intended to ensure that our trading strategies are conducted within acceptable risk tolerance parameters, particularly when we commit our own capital to facilitate client trading. Activities include price verification procedures, position reconciliations and reviews of transaction booking. We believe these procedures, which stress timely communications between traders, trading management and senior management, are important elements of the risk management process.

A 10% change in the fair value of the investments held by the Ramius funds as of September 30, 2009 would result in a change of approximately $709 million in Ramius's assets under management and would impact management fees by approximately $5.3 million. This number is an estimate. The amount would be dependent on the fee structure of the particular fund or funds that experienced such a change.

Currency risk

The Company is also exposed to foreign currency fluctuations. Currency risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of such financial instruments, including direct or indirect investments in securities of non-U.S. companies. A 10% weakening or strengthening of the U.S. dollar against all or any combination of currencies to which the Company's investments or Ramius funds have exposure to exchange rates would not have a material effect on the Company's revenues, net loss or Economic Income.

Inflation risk

Because our assets are, to a large extent, liquid in nature, they are not significantly affected by inflation. However, the rate of inflation affects such expenses as employee compensation and communications charges, which may not be readily recoverable in the prices of services we offer. To the extent inflation results in rising interest rates and has other adverse effects on the securities markets, it may adversely affect our financial condition and results of operations in certain businesses.

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Leverage and interest rate risk

There is no guarantee that the Company's borrowing arrangements or other arrangements for obtaining leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Company. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to the Company. In addition, a decline in market value of the Company's assets may have particular adverse consequences in instances where they have borrowed money based on the market value of those assets. A decrease in market value of those assets may result in the lender (including derivative counterparties) requiring the Company to post additional collateral or otherwise sell assets at a time when it may not be in Ramius's best interest to do so.

As we may hold interest-sensitive assets and liabilities from time to time, we are exposed to additional interest rate risk arising from changes in the level and volatility of interest rates and in the shape of the yield curve.

In the event that LIBOR, and rates directly or indirectly tied to LIBOR, were to increase by 10% over LIBOR as of September 30, 2009, based on Ramius funds' debt investments and obligations as of September 30, 2009, we estimate that the net effect on interest income and interest expense would not result in a material impact on our earnings. A tightening of credit and increase in prevailing interest rates could make it difficult for us to raise capital and sustain its growth rate.

In addition, the Company's debt obligations bear interest at rates indexed to LIBOR. For every 1% increase in LIBOR, as of September 30, 2009, our annual interest expense will increase by $0.5 million.

Credit risk

The Company clears all of its securities transactions through clearing brokers on a fully disclosed basis. Pursuant to the terms of the agreements between the Company and the clearing brokers, the clearing brokers have the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing brokers, we believe there is no maximum amount assignable to this right. Accordingly, at September 30, 2009, the Company had recorded no liability.

Credit risk is the potential loss the Company may incur as a result of the failure of a counterparty or an issuer to make payments according to the terms of a contract. The Company's exposure to credit risk at any point in time is represented by the fair value of the amounts reported as assets at such time.

In the normal course of business, our activities may include trade execution for its clients. These activities may expose us to risk arising from price volatility which can reduce clients' ability to meet their obligations. To the extent investors are unable to meet their commitments to us, we may be required to purchase or sell financial instruments at prevailing market prices to fulfill clients' obligations.

In accordance with industry practice, client trades are settled generally three business days after trade date. Should either the client or the counterparty fail to perform, we may be required to complete the transaction at prevailing market prices.

We manage credit risk by monitoring the credit exposure to and the standing of each counterparty, requiring additional collateral where appropriate, and using master netting agreements whenever possible.

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Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. We outsource all or a portion of several critical business functions, such as clearing, data center and desktop maintenance and support. Accordingly, we negotiate our agreements with these firms with attention focused not only on the delivery of core services but also on the safeguards afforded by back-up systems and disaster recovery capabilities. We make specific inquiries on any relevant exceptions noted in a service provider's Statement on Auditing Standards No. 70 report on the state of its internal controls. We are focused on maintaining our overall operational risk management framework and minimizing or mitigating these risks through a formalized control assessment process to ensure awareness and adherence to key policies and control procedures.

Our Internal Audit department oversees, monitors, measures, analyzes and reports on operational risk across the Company. The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the Company's system of internal controls and is sufficiently broad to help determine whether the Company's network of risk management, control and governance processes, as designed by management, is adequate and functioning as intended. Internal Audit works with the senior management to help ensure a transparent, consistent and comprehensive framework exists for managing operational risk within each area, across the Company and globally.

Primary responsibility for management of operational risk is with the businesses and the business managers therein. The business managers, generally, maintain processes and controls designed to identify, assess, manage, mitigate and report operational risk. As new products and business activities are developed and processes are designed and modified, operational risks are considered.

Legal risk

Legal risk includes the risk of non-compliance with applicable legal and regulatory requirements and standards. Legal risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. The Company has established procedures based on legal and regulatory requirements that are designed to achieve compliance with applicable statutory and regulatory requirements. The Company, principally through the Legal and Compliance Division, also has established procedures that are designed to require that the Company's policies relating to conduct, ethics and business practices are followed. In connection with its businesses, the Company has and continuously develops various procedures addressing issues such as regulatory capital requirements, sales and trading practices, new products, potential conflicts of interest, use and safekeeping of customer funds and securities, money laundering, privacy and recordkeeping. In addition, the Company has established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies. The legal and regulatory focus on the financial services industry presents a continuing business challenge for the Company.

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LEXINGTONPARK PARENT CORP.

Recently Completed Transactions

LexingtonPark Parent Corp., a Delaware corporation that is now known as Cowen Group, Inc., was formed on June 1, 2009 in connection with the Transaction Agreement. As of September 30, 2009, LexingtonPark Parent Corp. had not conducted any material activities other than those incidental to its formation.

Results of Operations

As of September 30, 2009, LexingtonPark Parent Corp. had not conducted any material activities other than those incidental to its formation and those matters contemplated by the Transaction Agreement.

Liquidity and Capital Resources

As of September 30, 2009, LexingtonPark Parent Corp. had no outstanding short-term or long-term debt.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF COWEN HOLDINGS

This discussion contains forward looking statements, which involve numerous risks and uncertainties, including, but not limited to, those in the section titled "Risk Factors" beginning on page 11 of this prospectus. This Management's Discussion and Analysis of Financial Condition and Results of Operations of Cowen Holdings should be read in conjunction with the consolidated financial statements and related notes of Cowen Holdings, the Company and RCG included elsewhere in this prospectus. Actual results may differ materially from those contained in any forward looking statements.

External Factors Impacting Cowen Holdings's Business

Cowen Holdings's financial performance is highly dependent on the environment in which its businesses operates. The macro business environment for many of Cowen Holdings's businesses has been, and continues to be, challenging. There can be no assurance that these conditions will improve in the near term.

A favorable business environment is characterized by many factors, including a stable geopolitical climate, transparent financial markets, low inflation, low interest rates, low unemployment, strong business profitability and high business and investor confidence. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence, limitations on the availability or increases in the cost of credit and capital, increases in inflation, interest rates, exchange rate volatility, outbreaks of hostilities or other geopolitical instability, corporate, political or other scandals that reduce investor confidence in the capital markets, or a combination of these or other factors. These factors influence levels of equity security issuance and merger and acquisition activity generally and in Cowen Holdings's target sectors, which affect its investment banking business. The same factors also affect trading volumes and valuations in secondary financial markets, which affect its brokerage business. Commission rates, market volatility, investment fund flows between equity and debt securities and other factors also affect Cowen Holdings's brokerage revenues and may cause these revenues to vary from period to period.

In recent months, U.S. and global markets, as well as general economic conditions, have continued to be challenging. The Company's target sectors have been particularly disrupted. Although the Company has no outstanding debt, credit derivative or structured product exposure, the historic decline in market conditions and investor sentiment continue to negatively impact the financial services industry and the securities markets generally, in the form of fewer and smaller investment banking, strategic advisory and equity capital-raising transactions.

Cowen Holdings's business, by its nature, does not produce predictable earnings. Cowen Holdings's results in any period can be materially affected by conditions in global financial markets and economic conditions generally. Cowen Holdings is also subject to various legal and regulatory actions that impact its business and financial results. In addition, its business focuses primarily on small to mid-capitalization and private companies in specific industry sectors. These sectors may experience growth or downturns independently of general economic and market conditions, or may face market conditions that are disproportionately better or worse than those impacting the economy and markets generally. Therefore, Cowen Holdings's business could be affected differently than overall market trends.

Basis of Presentation

The Condensed Consolidated Financial Statements of Cowen Holdings for the three and nine months ended September 30, 2009 and September 30, 2008 and the years ended December 31, 2008, 2007 and 2006 included elsewhere in this prospectus have been prepared in conformity with

U.S. GAAP. The nature of Cowen Holdings's business is such that the results of any interim period may not be indicative of the results to be expected for a full year.

The Condensed Consolidated Statements of Operations of Cowen Holdings do not include litigation expenses incurred by Cowen Holdings in connection with certain litigation and other legal matters that are indemnified by SG through the Indemnification Agreement. The legal reserves related to these indemnified matters are included in legal reserves and legal expenses payable in the Condensed Consolidated Statements of Financial Condition of Cowen Holdings. The effect of this indemnification on Cowen Holdings's consolidated results of operations is that when a future increase to a loss contingency reserve that is related to litigation covered by the Indemnification Agreement is recorded, the litigation cost and the indemnification recovery will be reflected as an increase in litigation and related expense and the indemnification recovery will be recorded as a reduction to Cowen Holdings's litigation and related expense. See Note 11 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Cowen Holdings, and Note 13 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Cowen Holdings, for further discussion.

The Condensed Consolidated Financial Statements of Cowen Holdings include the accounts of Cowen Holdings, its subsidiaries and entities in which Cowen Holdings has a controlling financial interest. All intercompany accounts and transactions have been eliminated upon consolidation. Certain reclassifications have been made to conform prior-period amounts to the current-period presentation, including the reclassification of interest expense of $0.1 million to other for the nine months ended September 30, 2008.

Revenues

Prior to the consummation of the Transactions on November 2, 2009, Cowen Holdings operated its business as a single segment. Cowen Holdings derives the majority of its revenues from two primary sources, investment banking and brokerage.

Investment Banking

Cowen Holdings earns investment banking revenue primarily from fees associated with public and private capital raising transactions and providing strategic advisory services. Cowen Holdings's investment banking revenues are derived primarily from small and mid-capitalization companies within Cowen Holdings's target sectors of healthcare, technology, media and telecommunications, consumer, aerospace and defense, and alternative energy.

Underwriting fees

Cowen Holdings earns underwriting revenues in securities offerings in which Cowen Holdings acts as an underwriter, such as IPOs, follow-on equity offerings and convertible security offerings. Cowen Holdings's underwriting revenues include management fees, selling concessions and underwriting fees. Fee revenue relating to underwriting commitments is recorded when all significant items relating to the underwriting cycle have been completed and the amount of the underwriting revenue has been determined. This generally is the point at which all of the following have occurred: (i) the issuer's registration statement has become effective with the SEC, or the other offering documents are finalized; (ii) Cowen Holdings has made a firm commitment for the purchase of shares from the issuer; and (iii) Cowen Holdings has been informed of the number of shares that it has been allotted.

When Cowen Holdings is not the lead manager for a registered equity underwriting transaction, management must estimate Cowen Holdings's share of transaction-related expenses incurred by the lead manager in order to recognize revenue. Transaction-related expenses are deducted from the underwriting fee and therefore reduce the revenue Cowen Holdings recognizes as co-manager. Such amounts are adjusted to reflect actual expenses in the period in which Cowen Holdings receives the final settlement, typically within 90 days following the closing of the transaction.

Strategic/financial advisory fees

Cowen Holdings's strategic advisory revenues include success fees earned in connection with advising companies, both buyers and sellers, principally in mergers and acquisitions. Cowen Holdings also earns fees for related advisory work such as providing fairness opinions. Cowen Holdings records strategic advisory revenues when the services for the transactions are completed under the terms of each assignment or engagement and collection is reasonably assured. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Private placement fees

Cowen Holdings earns agency placement fees in non-underwritten transactions such as private placements, PIPEs and Registered Direct transactions ("RDs"). Cowen Holdings records private placement revenues when the services for the transactions are completed under the terms of each assignment or engagement and collection is reasonably assured. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Since Cowen Holdings's investment banking revenues are generally recognized at the time of completion of each transaction or the services to be performed, these revenues typically vary between periods and may be considerably affected by the timing of the closing of significant transactions.

Brokerage

Cowen Holdings's brokerage revenues consist of commissions, principal transactions and fees paid to Cowen Holdings for equity research. Management reviews brokerage revenue on a combined basis as the vast majority of the revenue is derived from the same group of clients. Cowen Holdings derives its brokerage revenue primarily from trading equity and equity-linked securities on behalf of institutional investors. The majority of Cowen Holdings's trading gains and losses are a result of activities that support the facilitation of client orders in both listed and over-the-counter securities, although all trading gains and losses are recorded in brokerage.

Commissions

Cowen Holdings's brokerage business generates commission revenues from securities trading commissions paid by institutional investor clients. Commissions are recognized on a trade date basis. Cowen Holdings permits institutional customers to allocate a portion of their commissions to pay for research products and other services provided by third parties. The amounts allocated for those purposes are commonly referred to as soft dollar arrangements. Commissions on soft dollar brokerage are recorded net of the related expenditures on an accrual basis.

Principal transactions

Cowen Holdings's brokerage revenues also include net trading gains and losses from principal transactions, which primarily include acting as a market-maker in over-the-counter equity securities, listed options trading, trading of convertible securities, and from trading gains and losses on inventory and other firm positions, which include warrants previously received as part of investment banking transactions. In certain cases, Cowen Holdings commits its own capital to provide liquidity to clients buying or selling blocks of shares of listed stocks without previously identifying the other side of the trade at execution, which subjects Cowen Holdings to market risk. These positions are typically held for a very short duration.

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Equity research fees

Cowen Holdings's brokerage revenues also include fees paid to Cowen Holdings for providing equity research. Revenue is recognized once an arrangement exists, access to research has been provided, the fee amount is fixed or determinable, and collection is reasonably assured.

Interest and Dividend Income

Interest and dividend income primarily consists of interest earned on Cowen Holdings's interest bearing assets and interest and dividends on securities maintained in trading accounts related to Cowen Holdings's brokerage business.

Other

Other revenues include fees for managing assets and investments in private equity, traditional asset management and alternative asset management funds, as well as fees for managing a portfolio of merchant banking investments on behalf of SG and other third party investors, and miscellaneous income such as fees for managing venture capital investments. Management fees are recognized in the periods during which the related services are performed and the amounts have been contractually earned.

Expenses

A significant portion of Cowen Holdings's expense base is variable, including employee compensation and benefits, brokerage and clearance, communications, and marketing and business development expenses. Certain of Cowen Holdings's expenses are largely fixed in nature, the most significant of which include expenses associated with rent and occupancy, outsourced services such as information technology infrastructure, presentation center, copy center and library services.

Compensation Expense

Cowen Holdings's ongoing compensation expense includes salaries, employee benefits, amortization of equity compensation, amortization of deferred cash and forgivable loan awards, and cash bonuses. The annual base salary for each individual employee is based on their experience and position, however, at this time base salaries generally do not exceed $250,000. Amortization expense of equity awards relates to both the compensation expense associated with the initial grant of equity to Cowen Holdings's senior employees in connection with Cowen Holdings's IPO and the expense associated with awards under Cowen Holdings's ongoing equity and incentive plans. A significant portion of Cowen Holdings's equity awards is granted as a component of annual employee compensation. Employees who earn total compensation above a designated level may have a specified percentage of their compensation paid in the form of deferred compensation. Deferred compensation can be awarded as either restricted equity awards or deferred cash awards. When restricted equity awards and deferred cash awards are utilized the amount of such awards paid to an employee is calculated using a pre-determined formula such that higher levels of compensation dictate an increased percentage of total compensation to be paid in deferred equity and deferred cash. As is typical in Cowen Holdings's industry, variable bonuses represent a significant component of compensation expense.

Historically, Cowen Holdings sought to maintain a ratio of compensation and benefits expense to revenue of between 58% and 60%, excluding the compensation expense associated with the initial grant of equity to Cowen Holdings's senior employees in connection with Cowen Holdings's IPO. As noted in the past, Cowen Holdings believes that it will be difficult to achieve Cowen Holdings's target compensation levels under challenging market conditions. In the third quarter of 2009, Cowen Holdings accrued compensation at 79% of revenues, excluding expense associated with the initial grant of equity in connection with Cowen Holdings's IPO. The success of Cowen Holdings's business is based largely on the quality of its employees, and Cowen Holdings must continually monitor the market for their services and seek to offer competitive compensation. The Company will continue to review its compensation to revenue ratio on a quarterly basis, and there can be no assurance that its investment banking business will be able to achieve its target levels under difficult market conditions.

The expense associated with the initial grant of equity to Cowen Holdings's senior employees in connection with Cowen Holdings's IPO was $0.5 million and $1.8 million for the three and nine months ended September 30, 2009, respectively. Cowen Holdings recorded an adjustment of $5.1 million in the first quarter of 2008 to reverse amounts previously expensed in 2006 and 2007 associated with the shares forfeited by Kim Fennebresque, Cowen Holdings's former Chairman and Chief Executive Officer, upon his resignation. This adjustment was partially offset by the reversal of associated income tax benefits of $2.2 million.

The annual expense may be adjusted in the future based on actual forfeiture rates. Cowen Holdings has accounted for its equity awards in accordance with SFAS 123(R), *Share-Based Payment*.

Non-compensation Expense

Floor brokerage and trade execution. These expenses include floor brokerage and trade execution costs that fluctuate depending on the volume of trades Cowen Holdings completes.

Service fees. These expenses include fees for outsourcing services such as information technology infrastructure, management and support, and Cowen Holdings's trading and order management system.

Communications. These expenses include costs for telecommunication and data communication, primarily consisting of expenses for obtaining third-party market data.

Occupancy and equipment. These expenses include rent and utilities associated with Cowen Holdings's various offices, occupancy and premises taxes, support for software applications and other fixed asset service fees.

Marketing and business development. These expenses include costs such as business travel and entertainment, expenses related to holding conferences and advertising costs.

Depreciation and amortization. Cowen Holdings incurs depreciation and amortization expense related to capital assets, such as investments in technology and leasehold improvements, and amortization expense related to Cowen Holdings's intangible assets.

Goodwill impairment. This expense represents a non-cash charge for the impairment of Cowen Holdings's goodwill.

Other. Other expenses include consulting fees, professional fees, legal and related costs, implementation costs related to outsourcing and other projects, insurance premiums, placement fees, exchange membership fees, interest, research delivery costs and other related expenses.

Provision for Income Taxes

The taxable results of Cowen Holdings's U.S. operations are included in the consolidated income tax returns of Cowen Holdings as well as stand-alone state and local tax returns. The tax results of Cowen Holdings's U.K. operations are reported by CIL and CAM UK separately in their respective U.K. tax filings. If applicable, CIL and CAM UK share tax losses to the extent permitted by local law. CLAL files a stand-alone Hong Kong tax return while the tax results of Cowen Latitude Investment Consulting (Beijing) Co., Ltd. ("CLICB") are reported in its People's Republic of China tax filings.

The income tax provision reflected in the Condensed Consolidated Statements of Operations is consistent with the liability method described in SFAS No. 109, *Accounting for Income Taxes*. Under the

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liability method, deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under applicable tax laws and rates. A valuation allowance is provided for deferred tax assets when it is considered more likely than not that any benefits of net deductible temporary differences and net operating loss carryforwards will not be realized.

The 2009 projected effective tax rate differs from the statutory rate of 35% primarily due to a net increase in the valuation allowance and non-deductible meals and entertainment expense. Cowen Holdings's projected effective tax rate and tax expense (benefit) for each quarterly reporting period requires considerable approximations and substantial judgment including but not restricted to the results of its business, estimates of the portion of domestic versus foreign income, permanent book to tax differences, differences in stock grant and stock vesting prices and the ability to utilize deferred tax assets. Such judgments and approximations are subject to change as tax law and rules as well as the information used in determining such approximations and judgments evolve. Moreover, a high proportion of Cowen Holdings's deferred tax assets are attributable to share-based compensation. To the extent that share-based awards vest at a share price less than the grant price, such a shortfall will result in an unfavorable permanent book-tax difference. Finally, the share price as well as numerous other factors will determine the limitation on net operating losses and net unrealized built in losses to the extent Cowen Holdings undergoes an ownership change as defined by Internal Revenue Code Section 382.

Results of Operations

Three Months Ended September 30, 2009 Compared with the Three Months Ended September 30, 2008

Overview

Total revenues decreased $9.8 million, or 17%, to $48.2 million for the three months ended September 30, 2009 compared with $58.0 million in the third quarter of 2008. This decrease was primarily due to reductions in brokerage revenue of $8.2 million, interest and dividend revenues of $0.6 million, and other revenue of $1.5 million, partially offset by an increase in investment banking revenue of $0.5 million.

Total expenses decreased $53.5 million, or 47%, to $60.4 million for the three months ended September 30, 2009 compared with $113.9 million in the third quarter of 2008. The decrease was primarily due to a decrease in non-compensation expenses. Total non-compensation expenses decreased $52.7 million, or 71%, during the three months ended September 30, 2009 compared with the third quarter of 2008. This decrease was primarily attributable to the $50.0 million non-recurring non-cash goodwill impairment charge in the third quarter of 2008. In addition, there was a reduction in marketing and business development, and other expenses. Excluding goodwill impairment, non-compensation expenses decreased $2.7 million, or 11%, during the three months ended September 30, 2009 compared with the third quarter of 2008. Cowen Holdings recorded a net loss attributable to Cowen Holdings of $13.3 million for the three months ended September 30, 2009 compared with a net loss attributable to Cowen Holdings of $61.7 million in the third quarter of 2008.

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The following table provides a comparison of Cowen Holdings's revenues and expenses for the periods presented:

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Period-to-Period $ Change	Period-to-Period % Change
	(in thousands)			
Revenues				
Investment banking	$ 11,842	$ 11,369	$ 473	4.2%
Brokerage	33,150	41,408	(8,258)	(19.9)
Interest and dividend income	76	672	(596)	(88.7)
Other	3,096	4,588	(1,492)	(32.5)
Total revenues	48,164	58,037	(9,873)	(17.0)
Expenses				
Employee compensation and benefits	38,387	39,121	(734)	(1.9)
Floor brokerage and trade execution	4,038	2,720	1,318	48.5
Service fees, net	4,145	4,125	20	0.5
Communications	3,097	3,691	(594)	(16.1)
Occupancy and equipment	4,122	4,225	(103)	(2.4)
Marketing and business development	1,573	2,577	(1,004)	(39.0)
Depreciation and amortization	794	716	78	10.9
Goodwill impairment		50,000	(50,000)	(100.0)
Other	4,276	6,690	(2,414)	(36.1)
Total expenses	60,432	113,865	(53,433)	(46.9)
Operating loss	(12,268)	(55,828)	43,560	(78.0)
Gain on exchange memberships		609	(609)	(100.0)
Loss before income taxes	(12,268)	(55,219)	42,951	(77.8)
Provision for income taxes	975	6,486	(5,511)	(85.0)
Net loss	(13,243)	(61,705)	48,462	(78.5)
Less: Net income attributable to noncontrolling interests	85		85	NM
Net loss attributable to Cowen Holdings	$ (13,328)	$ (61,705)	$ 48,377	(78.4)%

NM indicates not meaningful.

Revenues

Investment Banking

Investment banking revenues increased $0.4 million, or 4%, to $11.8 million for the three months ended September 30, 2009 compared with $11.4 million in the third quarter of 2008. Cowen Holdings's underwriting revenues increased $3.2 million, or 484%, to $3.9 million for the three months ended September 30, 2009 compared with $0.7 million during the same period in the prior year. The underwriting revenue results in both periods were primarily due to the continued depressed capital markets environment and Cowen Holdings's focus on equity rather than debt underwriting activities. Cowen Holdings's private placement revenues increased $2.1 million, or 394%, to $2.6 million for the three months ended September 30, 2009 compared with $0.5 million in the third quarter of 2008. Cowen Holdings's strategic advisory fees decreased $4.8 million, or 48%, to $5.3 million for the three months ended September 30, 2009 compared with $10.2 million in the third quarter of 2008. The decrease in strategic advisory fees was primarily the result of a decrease in the number of transactions completed during the third quarter of 2009 as compared to the third quarter of 2008.

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Brokerage

Brokerage revenue decreased $8.2 million, or 20%, to $33.2 million for the three months ended September 30, 2009 compared with $41.4 million in the third quarter of 2008. The decrease resulted primarily from a reduction in per share commissions, a reduction in volumes in Cowen Holdings's traditional cash equities business, and a higher loss ratio as Cowen Holdings provided greater liquidity to Cowen Holdings's clients, partially offset by increased revenue in Cowen Holdings's listed options and program trading businesses.

Interest and Dividend Income

Interest and dividend income decreased $0.6 million, or 89%, to $0.1 million for the three months ended September 30, 2009 as compared with $0.7 million in the third quarter of 2008. The decrease resulted primarily from lower average interest rates as compared to the third quarter of 2008.

Other

Other revenues decreased $1.5 million, or 33%, to $3.1 million for the three months ended September 30, 2009 compared with $4.6 million in the third quarter of 2008. This decrease was attributable to a reduction in fees for managing the assets and investments of certain private equity and alternative asset management funds. Management fees in the third quarter of 2008 included one time fees paid by investors admitted to the Cowen Healthcare Royalty Fund during the quarter, as such investors were required to pay their pro rata portion of fees retroactive from the date of the first closing of the fund.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expense decreased $0.7 million, or 2%, to $38.4 million for the three months ended September 30, 2009 compared with $39.1 million in the third quarter of 2008. The decrease was primarily attributable to the application of Cowen Holdings's compensation to revenue ratio to lower revenue in the 2009 period. Excluding the expense associated with the initial grant of equity, employee compensation and benefits expense as a percentage of total revenues was 79% and 65% for the three months ended September 30, 2009 and 2008, respectively.

Floor Brokerage and Trade Execution

Floor brokerage and trade execution fees increased $1.3 million, or 48%, to $4.0 million for the three months ended September 30, 2009 compared with $2.7 million in the third quarter of 2008. This increase was primarily attributable to a combination of increased trading volumes and a decrease in the ratio of shares traded that supplied liquidity to the market, which reduced Cowen Holdings's liquidity rebates.

Communications

Communication expenses decreased $0.6 million, or 16%, to $3.1 million for the three months ended September 30, 2009 compared with $3.7 million in the third quarter of 2008. This decrease was primarily attributable to a reduction in costs associated with certain market data services.

Marketing and Business Development

Marketing and business development expense decreased $1.0 million, or 39%, to $1.6 million for the three months ended September 30, 2009 compared with $2.6 million in the third quarter of 2008. These results were primarily attributable to a combination of decreased conference related expenses as well as a reduction in travel related expenses.

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Goodwill Impairment

Goodwill impairment was $50.0 million for the three months ended September 30, 2008. The completion of Cowen Holdings's interim impairment test during the third quarter of 2008 resulted in a $50.0 million non-recurring non-cash goodwill impairment charge.

Other

Other expenses decreased $2.4 million, or 36%, to $4.3 million for the three months ended September 30, 2009 compared with $6.7 million in the third quarter of 2008. This decrease is primarily attributable to a reduction in $1.3 million of placement fees incurred in the third quarter 2008 related to a closing associated with the CHRP fund and a decrease in FX related losses, partially offset by an increase in professional fees in the third quarter 2009 related to the transaction with Ramius.

Provision for Income Taxes

For the three months ended September 30, 2009, the provision for income taxes was $0.1 million. The 2009 effective tax rate differs from the statutory rate of 35% primarily due to a net increase in the valuation allowance and non-deductible meals and entertainment expense both of which lower Cowen Holdings's effective tax rate as Cowen Holdings reported a net loss for the period.

For the three months ended September 30, 2008, the effective tax rate differed from the statutory rate of 35% primarily due to non-deductible placement fees, meals and entertainment, share-based compensation, and state and local taxes.

Nine Months Ended September 30, 2009 Compared with the Nine Months Ended September 30, 2008

Overview

Total revenues decreased $34.0 million, or 19%, to $141.7 million for the nine months ended September 30, 2009 compared with $175.7 million in the first nine months of 2008. This decrease was primarily due to a decrease in investment banking revenues of $16.8 million, a decrease in brokerage revenue of $12.8 million, a decrease in interest and dividends of $2.4 million, and a decrease in other revenues of $1.9 million.

Total expenses decreased $66.4 million, or 29%, to $165.2 million for the nine months ended September 30, 2009 compared with $231.6 million in the first nine months of 2008. The decrease was primarily due to the decrease in both the compensation and benefits expense and non-compensation expense. Compensation expense decreased as a result of the decrease in total revenues partially offset by an increase in Cowen Holdings's compensation to revenue ratio from 61.7% to 68.5%, excluding the expense associated with the initial grant of equity to Cowen Holdings's employees in connection with its initial public offering. Employee compensation and benefits expense for the first nine months of 2009 included a $1.8 million expense associated with the initial grant of equity to Cowen Holdings's employees in connection with its initial public offering which compares to a reversal of $1.5 million of expense in the prior year period. The reversal in the first nine months of 2008 primarily relates to amounts previously expensed in 2006 and 2007 associated with the IPO awards that were forfeited by Mr. Fennebresque in connection with his resignation. Total non-compensation expenses decreased $58.5 million, or 47%, during the nine months ended September 30, 2009 compared with the first nine months of 2008, primarily due to $50 million in goodwill impairment recorded in the third quarter of 2008, decreases in communication, marketing and business development, and other expenses. These decreases were partially offset by an increase in floor brokerage and trade execution charges and depreciation and amortization expense. Excluding goodwill impairment, non-compensation expenses decreased $8.5 million, or 11%, during the nine months ended September 30, 2009 compared with the first nine months of 2008. Cowen Holdings recorded a net loss attributable to Cowen Holdings of $24.3 million for the nine months ended September 30, 2009 compared with a net loss attributable to Cowen Holdings of $61.8 million in the first nine months of 2008.

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The following table provides a comparison of Cowen Holdings's revenues and expenses for the periods presented:

	Nine Months Ended September 30,		Period-to-Period	
	2009	2008	$ Change	% Change
	(in thousands)			
Revenues				
Investment banking	$ 28,917	$ 45,733	$ (16,816)	(36.8)%
Brokerage	103,773	116,607	(12,834)	(11.0)
Interest and dividend income	367	2,814	(2,447)	(87.0)
Other	8,625	10,543	(1,918)	(18.2)
Total revenues	141,682	175,697	(34,015)	(19.4)
Expenses				
Employee compensation and benefits	98,920	106,835	(7,915)	(7.4)
Floor brokerage and trade execution	10,268	8,233	2,035	24.7
Service fees, net	12,504	12,451	53	0.4
Communications	9,095	11,233	(2,138)	(19.0)
Occupancy and equipment	12,348	12,444	(96)	(0.8)
Marketing and business development	6,836	10,080	(3,244)	(32.2)
Depreciation and amortization	2,299	2,003	296	14.8
Goodwill impairment		50,000	(50,000)	(100.0)
Other	12,938	18,348	(5,410)	(29.5)
Total expenses	165,208	231,627	(66,419)	(28.7)
Operating loss	(23,526)	(55,930)	32,404	(57.9)
Gain on exchange memberships		609	(609)	(100.0)
Loss before income taxes	(23,526)	(55,321)	31,795	(57.5)
Provision for income taxes	565	6,441	(5,876)	(91.2)
Net loss	(24,091)	(61,762)	37,671	(61.0)
Less: Net income attributable to noncontrolling interests	189		189	NM
Net loss attributable to Cowen Holdings	$ (24,280)	$ (61,762)	$ 37,482	(60.7)%

Revenues

Investment Banking

Investment banking revenues decreased $16.8 million, or 37%, to $28.9 million for the nine months ended September 30, 2009 compared with $45.7 million in the first nine months of 2008. Cowen Holdings's underwriting revenues decreased $0.8 million, or 13%, to $5.7 million for the nine months ended September 30, 2009 compared with $6.5 million during the same period in the prior year. The decrease in underwriting revenues was the result of a decrease in transaction volume which was due to the continued depressed capital markets environment. Cowen Holdings's private placement revenues increased $0.7 million, or 15%, to $5.3 million for the nine months ended September 30, 2009 compared with $4.6 million in the first nine months of 2008. The increase was primarily attributable to increased transaction volume. Cowen Holdings's strategic advisory fees decreased $16.7 million, or 48%, to $18.0 million for the nine months ended September 30, 2009 compared with $34.6 million during the same period in the prior year. The decrease in strategic advisory fees was primarily due to a decrease in the number of transactions completed during the first nine months of 2009 compared to the first nine months of 2008.

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Brokerage

Brokerage revenue decreased $12.8 million, or 11%, to $103.8 million for the nine months ended September 30, 2009 as compared with $116.6 million in the first nine months of 2008. The decrease resulted primarily from a reduction in per share commissions and a higher loss ratio as Cowen Holdings provided greater liquidity to Cowen Holdings's clients, partially offset by increased revenue in Cowen Holdings's listed options business and Cowen Holdings's program trading business.

Interest and Dividend Income

Interest and dividend income decreased $2.4 million, or 87%, to $0.4 million for the nine months ended September 30, 2009 compared with $2.8 million in the first nine months of 2008. The decrease resulted primarily from lower average interest rates and lower average interest bearing assets as compared with the first nine months of 2008.

Other

Other revenues decreased $1.9 million, or 18%, to $8.6 million for the nine months ended September 30, 2009 compared with $10.5 million in the first nine months of 2008. This decrease was attributable to a reduction in fees for managing the assets and investments of certain private equity and alternative asset management funds. Management fees in the first nine months of 2008 included one time fees paid by investors admitted to the Cowen Healthcare Royalty Fund during the nine month period, as such investors were required to pay their pro rata portion of fees retroactive from the date of the first closing of the fund.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expense decreased $7.9 million, or 7%, to $98.9 million for the nine months ended September 30, 2009 compared with $106.8 million in the first nine months of 2008. The decrease was primarily attributable to the application of Cowen Holdings's compensation to revenue ratio to lower revenue in the first nine months of 2009, partially offset by the increase of Cowen Holdings's compensation to revenue ratio, excluding the expense associated with the initial grant of equity, to 68.5% in the first nine months of 2009 compared to 61.7% in the first nine months of 2008. Employee compensation and benefits expense for the first nine months of 2009 included a $1.8 million expense associated with the initial grant of equity to Cowen Holdings's employees in connection with its initial public offering which compares to a reversal of $1.5 million of expense in the prior year period. The reversal in the first nine months of 2008 primarily relates to amounts previously expensed in 2006 and 2007 associated with the Cowen Holdings IPO awards that were forfeited by Mr. Fennebresque in connection with his resignation.

Floor Brokerage and Trade Execution

Floor brokerage and trade execution fees increased $2.0 million, or 25%, to $10.2 million for the nine months ended September 30, 2009 compared with $8.2 million in the first nine months of 2008. This increase was primarily attributable to a combination of increased aggregate trading volumes (electronic, options and traditional cash equities) and a decrease in the ratio of shares traded that supplied liquidity to the market, which reduced Cowen Holdings's liquidity rebates.

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Communications

Communications expenses decreased $2.1 million, or 19%, to $9.1 million for the nine months ended September 30, 2009 compared with $11.2 million in the first nine months of 2008. This decrease was primarily attributable to a reduction in costs associated with certain market data services.

Marketing and Business Development

Marketing and business development expense decreased $3.3 million, or 32%, to $6.8 million for the nine months ended September 30, 2009 compared with $10.1 million in the first nine months of 2008. These results are primarily attributable to a reduction in certain conference and travel related expenses.

Depreciation and Amortization

Depreciation and amortization expense increased $0.3 million, or 15%, to $2.3 million for the nine months ended September 30, 2009 compared with $2.0 million in the first nine months of 2008. This increase was primarily attributable to the amortization of intangible assets related to the Latitude acquisition in 2008 and an increase in software amortization.

Goodwill Impairment

Goodwill impairment was $50.0 million for the nine months ended September 30, 2008. The completion of Cowen Holdings's interim impairment test during the third quarter of 2008 resulted in a $50.0 million non-recurring non-cash goodwill impairment charge.

Other

Other expenses decreased $5.4 million, or 29%, to $12.9 million for the nine months ended September 30, 2009 compared with $18.3 million in the first nine months of 2008. This decrease was primarily attributable to $3.4 million in placement fees incurred for the nine months ended September 30, 2008 related to the closings associated with the CHRP Fund and a reduction in legal fees, partially offset by an increase in professional fees in the first nine months of 2009 related to the transaction with Ramius.

Gain on Exchange Memberships

The $0.6 million gain during the first nine months of 2008 was a result of the sale of the Boston Stock Exchange to NASDAQ OMX and MX US 2, a wholly owned subsidiary of the Montreal Exchange Inc.

Provision for income taxes

For the nine months ended September 30, 2009, the provision for income taxes was $0.6 million. The 2009 effective tax rate differs from the statutory rate of 35% primarily due to a net increase in the valuation allowance and non-deductible meals and entertainment expense both of which lower Cowen Holdings's effective tax rate as Cowen Holdings reported a net loss for the period.

For the nine months ended September 30, 2008, the effective tax rate differed from the statutory rate of 35% primarily due to non-deductible placement fees, meals and entertainment, share-based compensation, and state and local taxes.

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Year Ended December 31, 2008 Compared with the Year Ended December 31, 2007

Overview

Total revenues decreased $44.2 million, or 17%, to $217.4 million for the year ended December 31, 2008 compared with $261.6 million in 2007. This decrease was primarily due to a decrease in investment banking revenues of $39.6 million, a decrease in brokerage income of $8.8 million, and a decrease in interest and dividend income of $4.9 million, partially offset by an increase in other revenue of $9.1 million.

Total expenses increased $1.0 million to $282.2 million for the year ended December 31, 2008 compared with $281.2 million in 2007. Total expenses for the year ended December 31, 2008 include a $50.0 million non-cash goodwill impairment charge. Excluding this goodwill impairment charge, total expenses decreased $49.0 million, or 17%, to $232.2 million for the year ended December 31, 2008 compared with $281.2 million in 2007. This decrease was primarily due to the decrease in compensation expense. Compensation expense decreased as a result of applying a lower compensation to revenue ratio to lower total revenues and the reversal of share-based compensation expense related to the resignation of Cowen Holdings's former Chief Executive Officer. Total non-compensation expenses, excluding the $50.0 million goodwill impairment charge, decreased $5.0 million, or 5%, for the year ended December 31, 2008 compared with 2007, primarily due to a reduction in floor brokerage and trade execution related expenses, communications related expenses, maintenance costs related to Cowen Holdings's information technology infrastructure, employment fees and consulting costs. These decreases were partially offset by an increase in service fees related to a change in Cowen Holdings's new trading and order management system and $3.7 million in placement fees related to closings associated with an alternative asset management fund managed by CHRP Management. Excluding both the goodwill impairment charge and the $3.7 million of placement fees, total non-compensation expenses decreased $8.7 million, or 8%, for the year ended December 31, 2008 compared with 2007.

Cowen Holdings recorded a net loss attributable to Cowen Holdings of $72.2 million for the year ended December 31, 2008 compared with a net loss attributable to Cowen Holdings of $11.3 million in 2007. Cowen Holdings's operating loss, excluding the $50.0 million non-cash goodwill impairment charge, was $14.8 million for the year ended December 31, 2008 compared with $19.6 million in 2007. The net loss for the year ended December 31, 2008 includes a $0.8 million gain resulting primarily from the sale of the Boston Stock Exchange to NASDAQ OMX and MX US 2, a wholly owned subsidiary of the Montreal Exchange Inc. The net loss for 2007 includes a $1.8 million gain resulting from of the sale of Cowen Holdings's seat on the Chicago Board Options Exchange.

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The following table provides a comparison of Cowen Holdings's revenues and expenses for the periods presented:

	Year Ended December 31,		Period-to-Period	
	2008	2007	$ Change	% Change
	(in thousands)			
Revenues				
Investment banking	$ 50,937	$ 90,520	$ (39,583)	(43.7)%
Brokerage	149,901	158,720	(8,819)	(5.6)
Interest and dividend income	3,362	8,284	(4,922)	(59.4)
Other	13,181	4,045	9,136	225.9
Total revenues	217,381	261,569	(44,188)	(16.9)
Expenses				
Employee compensation and benefits	133,891	177,948	(44,057)	(24.8)
Floor brokerage and trade execution	10,864	11,879	(1,015)	(8.5)
Service fees, net	16,649	15,337	1,312	8.6
Communications	14,797	16,292	(1,495)	(9.2)
Occupancy and equipment	16,514	17,237	(723)	(4.2)
Marketing and business development	12,709	12,792	(83)	(0.6)
Depreciation and amortization	2,882	3,168	(286)	(9.0)
Goodwill impairment	50,000		50,000	NM
Other	23,842	26,521	(2,679)	(10.1)
Total expenses	282,148	281,174	974	0.3
Operating loss	(64,767)	(19,605)	(45,162)	230.4
Gain on exchange memberships	751	1,775	(1,024)	(57.7)
Loss before income taxes	(64,016)	(17,830)	(46,186)	259.0
Provision (benefit) for income taxes	8,081	(6,509)	14,590	NM
Net loss	(72,097)	(11,321)	(60,776)	536.8
Less: net income attributable to noncontrolling interests	57		57	NM
Net loss attributable to Cowen Holdings	$ (72,154)	$ (11,321)	$ (60,833)	537.3%

NM indicates not meaningful.

Revenues

Investment Banking

Investment banking revenues decreased $39.6 million, or 44%, to $50.9 million for the year ended December 31, 2008 compared with $90.5 million in 2007. Cowen Holdings's underwriting revenues decreased $38.3 million, or 85%, to $6.7 million for the year ended December 31, 2008 compared with $45.0 million the prior year. The decrease in underwriting revenues was the result of a decrease in both the number of transactions completed and average revenue per transaction, due primarily to the continued depressed capital markets environment. Cowen Holdings's private placement revenues decreased $11.9 million, or 71%, to $4.9 million for the year ended December 31, 2008 compared with $16.8 million in 2007. The decrease was primarily attributable to decreased transaction volume which is consistent with the overall slowdown in private capital raising activity. The decrease in capital raising revenues was partially offset by an increase of $10.6 million, or 37%, in strategic advisory fees to $39.3 million for the year ended December 31, 2008 compared with $28.7 million in 2007. The increase in strategic advisory fees was primarily due to an increase in the number of transactions completed during 2008 compared to 2007.

Brokerage

Brokerage revenue decreased $8.8 million, or 6%, to $149.9 million for the year ended December 31, 2008 compared with $158.7 million in 2007. This decrease was primarily associated with losses on warrants previously received as part of Cowen Holdings's investment banking transactions and losses related to investments associated with Cowen Holdings's asset management businesses.

Interest and Dividend Income

Interest and dividend income decreased $4.9 million, or 59%, to $3.4 million for the year ended December 31, 2008 compared with $8.3 million in 2007. This decrease was primarily due to a combination of lower average interest bearing assets and lower average interest rates in 2008 compared to 2007.

Other

Other revenues increased $9.2 million, or 226%, to $13.2 million for the year ended December 31, 2008 compared with $4.0 million in 2007. This increase was attributable to an increase in fees for managing the assets and investments of certain private equity and alternative asset management funds.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expense decreased $44.0 million, or 25%, to $133.9 million for the year ended December 31, 2008 compared with $177.9 million in 2007. The decrease was primarily attributable to the application of Cowen Holdings's compensation to revenue ratio to lower revenue in 2008 and the decrease in Cowen Holdings's compensation to revenue ratio, excluding the expense associated with the initial grant of equity to employees in connection with Cowen Holdings's IPO, to 62% in 2008 compared to 65% in 2007. Employee compensation and benefits expense for the year ended December 31, 2008 included a net reversal of $0.9 million of expense associated with the initial grant of equity to Cowen Holdings's employees in connection with Cowen Holdings's IPO which compares to $7.9 million of expense in 2007. The reversal in 2008 primarily relates to amounts previously expensed in 2006 and 2007 associated with the Cowen Holdings IPO awards that were forfeited by Cowen Holdings's former Chief Executive Officer in connection with his resignation.

Floor Brokerage and Trade Execution

Floor brokerage and trade execution fees decreased $1.0 million, or 9%, to $10.9 million for the year ended December 31, 2008 compared with $11.9 million in 2007. This decrease was primarily attributable to more favorable pricing under Cowen Holdings's current clearing agreement with a non-affiliate.

Service Fees

Service fees increased $1.3 million, or 9%, to $16.6 million for the year ended December 31, 2008 compared with $15.3 million in 2007. This increase was primarily attributable to additional services related to the outsourcing of Cowen Holdings's information technology infrastructure and Cowen Holdings's trading and order management system.

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Communications

Communications expense decreased $1.5 million, or 9%, to $14.8 million for the year ended December 31, 2008 compared with $16.3 million in 2007. This decrease was primarily attributable to a reduction in costs associated with certain third-party market data services.

Occupancy and Equipment

Occupancy and equipment expense decreased $0.7 million, or 4%, to $16.5 million for the year ended December 31, 2008 compared with $17.2 million in 2007. These results are primarily attributable to a decrease in maintenance costs related to Cowen Holdings's information technology infrastructure.

Depreciation and Amortization

Depreciation and amortization expense decreased $0.3 million, or 9%, to $2.9 million for the year ended December 31, 2008 compared with $3.2 million in 2007. This decrease was primarily due to a reduction in capitalized project costs due to an accelerated amortization on retired software taken in 2007, partially offset by the amortization of intangible assets related to the 2008 Latitude acquisition.

Goodwill Impairment

Goodwill impairment was $50.0 million for the year ended December 31, 2008. This non-cash charge related to the impairment of the legacy goodwill resulting from the 1998 acquisition of Cowen Holdings's predecessor by Société Générale. This goodwill was retained by Cowen Holdings at the time of its initial public offering and was recorded at the U.S. broker-dealer subsidiary of Cowen Holdings. Cowen Holdings follows the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), and tests goodwill annually, or between annual tests if events or circumstances dictate. Over the past year Cowen Holdings's stock, like others in Cowen Holdings's industry, has traded at historically low levels relative to book value. These depressed valuations have placed significant pressure on goodwill impairment tests as market capitalization is a key determinant of possible goodwill impairment. As a result, Cowen Holdings performed an impairment test as prescribed by SFAS 142 and determined that Cowen Holdings's legacy goodwill from SG's acquisition of Cowen Holdings's predecessor had been fully impaired.

Other

Other expenses decreased $2.7 million, or 10%, to $23.8 million for the year ended December 31, 2008 compared with $26.5 million in 2007. This decrease was primarily attributable to a reduction in legal fees, employment fees and reduced consulting costs. These decreases were partially offset by $3.7 million in placement fees in 2008 related to the closings associated with an alternative asset management fund managed by CHRP Management.

Gain on Exchange Memberships

Gain on exchange memberships decreased $1.0 million to $0.8 million for the year ended December 31, 2008 compared to $1.8 million in 2007. During 2007, Cowen Holdings sold its seat on the Chicago Board Options Exchange for a one-time gain of $1.8 million. During 2008, Cowen Holdings realized one time gains related primarily to the sale of the Boston Stock Exchange to NASDAQ OMX and MX US 2, a wholly owned subsidiary of the Montreal Exchange Inc.

Provision for Income Taxes

Cowen Holdings reported a tax provision of $8.1 million for the year ended December 31, 2008, which reflects an effective tax rate of (12.6)%, compared to a tax benefit of $6.5 million in 2007, which

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reflects an effective tax rate of 36.5%. The 2008 effective tax rate differs from the statutory tax rate of 35% primarily due to a change in the valuation allowance and state and local taxes. The 2007 effective tax rate differed from the statutory rate of 35% primarily due to the establishment of a valuation allowance against certain stock compensation deferred tax assets offset by a state and local tax benefit.

Year Ended December 31, 2007 Compared with the Year Ended December 31, 2006

Overview

Total revenues decreased $83.4 million, or 24%, to $261.6 million for the year ended December 31, 2007 compared with $345.0 million in 2006. This decrease was primarily due to a decrease in investment banking revenues of $73.8 million and a decrease in interest and dividend income of $9.5 million.

Total expenses decreased $47.2 million, or 14%, to $281.2 million for the year ended December 31, 2007 compared with $328.4 million in 2006, primarily due to a decrease in compensation expense. Compensation expense decreased primarily as a result of the decrease in total revenues, partially offset by an increase of 7% in the accrual ratio of compensation and benefits expense from 58% in 2006 to 65% in 2007. The results in 2007 include $7.9 million of expense associated with the initial grant of equity to Cowen Holdings's employees in connection with the Cowen Holdings IPO compared to $5.2 million during 2006. In addition, compensation expense for the year ended December 31, 2006 included $10.6 million associated with the vesting of deferred compensation plans that were terminated as a result of Cowen Holdings's separation from SG.

Total non-compensation expenses decreased $9.4 million, or 8%, during the year ended December 31, 2007 compared with 2006, primarily due to a decrease in service fees as a result of Cowen Holdings's separation from SG and a decrease in floor brokerage and trade execution related expenses. These decreases were partially offset by an increase in marketing and development expenses, and depreciation and amortization expense related to leasehold improvements made during 2006 in certain of Cowen Holdings's offices.

Cowen Holdings recorded a net loss of $11.3 million for the year ended December 31, 2007 compared with net income of $37.9 million for the year ended December 31, 2006. Net income for the year ended December 31, 2006 included one-time gains on exchange memberships of $25.8 million resulting primarily from the consummation of the merger of the NYSE and Archipelago Holdings, Inc. which occurred on March 7, 2006.

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The following table provides a comparison of Cowen Holdings's revenues and expenses for the periods presented:

	Year Ended December 31, 2007	Year Ended December 31, 2006	Period-to-Period $ Change	Period-to-Period % Change
	(in thousands)			
Revenues				
Investment banking	$ 90,520	$ 164,342	$ (73,822)	(44.9)%
Brokerage	158,720	159,879	(1,159)	(0.7)
Interest and dividend income	8,284	17,766	(9,482)	(53.4)
Other	4,045	2,980	1,065	35.7
Total revenues	261,569	344,967	(83,398)	(24.2)
Expenses				
Employee compensation and benefits	177,948	215,707	(37,759)	(17.5)
Floor brokerage and trade execution	11,879	18,811	(6,932)	(36.9)
Service fees, net	15,337	16,961	(1,624)	(9.6)
Communications	16,292	17,316	(1,024)	(5.9)
Occupancy and equipment	17,237	17,772	(535)	(3.0)
Marketing and business development	12,792	12,581	211	1.7
Depreciation and amortization	3,168	2,369	799	33.7
Other	26,521	26,834	(313)	(1.2)
Total expenses	281,174	328,351	(47,177)	(14.4)
Operating (loss) income	(19,605)	16,616	(36,221)	NM
Gain on exchange memberships	1,775	25,843	(24,068)	(93.1)
(Loss) income before income taxes	(17,830)	42,459	(60,289)	NM
(Benefit) provision for income taxes	(6,509)	4,548	(11,057)	NM
Net (loss) income	$ (11,321)	$ 37,911	$ (49,232)	NM%

NM indicates not meaningful.

Revenues

Investment Banking

Investment banking revenues decreased $73.8 million, or 45%, to $90.5 million for the year ended December 31, 2007 compared with $164.3 million in 2006. Cowen Holdings's underwriting revenues decreased $35.2 million, or 44%, to $45.0 million for the year ended December 31, 2007 compared with $80.2 million the prior year. The decrease in underwriting revenues was the result of a decrease in both the number of transactions completed and average revenue per transaction, due in part to the depressed capital markets environment in the second half of 2007, and, Cowen Holdings believes, employee dislocation within Cowen Holdings's investment banking department in 2007. Cowen Holdings lead managed 30% and 39% of Cowen Holdings's underwritten transactions during 2007 and 2006, respectively. Cowen Holdings's private placement revenues decreased $49.1 million, or 74%, to $16.8 million for the year ended December 31, 2007 compared with $65.9 million in 2006. The decrease in private placement revenues was primarily attributable to a decrease in both the number of transactions completed and the average revenues per transaction during 2007 compared to 2006. The decrease in capital raising revenues was partially offset by an increase of $10.5 million, or 58%, in strategic advisory fees to $28.7 million for the year ended December 31, 2007 compared with $18.2 million during the prior year. The increase in strategic advisory fees was primarily due to an

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increase in the size of transactions completed during 2007 compared to 2006, which more than offset the slight decrease in transaction volume during 2007 compared to 2006.

Brokerage

Brokerage revenue decreased $1.2 million, or 1%, to $158.7 million for the year ended December 31, 2007 compared with $159.9 million in 2006. The decrease in revenues is associated with a reduction of Cowen Holdings's convertible inventory which was partially offset by increases in revenues related to Cowen Holdings's options activities and gains on warrants previously received as part of Cowen Holdings's investment banking transactions.

Interest and Dividend Income

Interest and dividend income decreased $9.5 million, or 53%, to $8.3 million for the year ended December 31, 2007 compared with $17.8 million in 2006. This decrease was primarily the result of lower average interest bearing assets during 2007 compared to 2006. In conjunction with the Cowen Holdings IPO, Cowen Holdings made a payment of $180.3 million, representing a return of capital, to SGASH. The level of Cowen Holdings's interest bearing assets was significantly reduced as a result of this capital distribution which resulted in a meaningful reduction in Cowen Holdings's interest income in 2007.

Other

Other revenues increased $1.0 million, or 36%, to $4.0 million for the year ended December 31, 2007 compared with $3.0 million in 2006. This increase was attributable to an increase in fees for managing the assets and investments of certain private equity and alternative asset management funds.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expense decreased $37.8 million, or 17%, to $177.9 million for the year ended December 31, 2007 compared with $215.7 million in 2006. This decrease was primarily attributable to Cowen Holdings's compensation and benefits expense to revenue ratio being applied to lower total revenues, partially offset by an increase of 7% in the accrual ratio of compensation and benefits expense from 58% in 2006 to 65% in 2007. In addition, 2007 includes $7.9 million of expense associated with the initial grant of equity to Cowen Holdings's employees in connection with the Cowen Holdings IPO compared with $5.2 million during 2006. The $7.9 million expense in 2007 includes a reversal of $1.9 million for a cumulative adjustment related to a change in estimated forfeitures. Lastly, 2006 included a vesting expense of $10.6 million related to deferred compensation plans that were terminated as a result of Cowen Holdings's separation from SG. Excluding the compensation expense associated with the initial grant of equity and the terminated deferred compensation plans, employee compensation and benefits expense as a percentage of total revenues was 65% and 58% for the years ended December 31, 2007 and 2006, respectively.

Floor Brokerage and Trade Execution

Floor brokerage and trade execution fees decreased $6.9 million, or 37%, to $11.9 million for the year ended December 31, 2007 compared with $18.8 million in 2006. This decrease was primarily attributable to more favorable pricing under Cowen Holdings's current clearing agreement.

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Service Fees

Service fees decreased $1.6 million, or 10%, to $15.3 million for the year ended December 31, 2007 compared with $16.9 million in 2006. This decrease was primarily attributable to the termination of various service level agreements with SG for certain support functions as a result of the IPO, partially offset by additional services related to the outsourcing of Cowen Holdings's information technology infrastructure.

Communications

Communications expense decreased $1.0 million, or 6%, to $16.3 million for the year ended December 31, 2007 compared with $17.3 million in 2006. This decrease was primarily attributable to a reduction in costs associated with certain third-party market data services.

Occupancy and Equipment

Occupancy and equipment expense decreased $0.5 million, or 3%, to $17.2 million for the year ended December 31, 2007 compared with $17.7 million in 2006. This decrease was primarily attributable to moving expenses associated with relocating certain employees within Cowen Holdings's New York office and relocating Cowen Holdings's San Francisco office during 2006.

Marketing and Business Development

Marketing and business development expense increased $0.2 million, or 2%, to $12.8 million for the year ended December 31, 2007 compared with $12.6 million in 2006. This increase was primarily due to an increase in conference related costs, partially offset by a decrease in travel and entertainment related expenses.

Depreciation and Amortization

Depreciation and amortization expense increased $0.8 million, or 34%, to $3.2 million for the year ended December 31, 2007 compared with $2.4 million in 2006. This increase was primarily attributable to the amortization of additional network hardware and additional leasehold improvements placed into service during 2006. In addition, there was accelerated amortization expense on certain retired software.

Other

Other expenses decreased $0.3 million, or 1%, to $26.5 million for the year ended December 31, 2007 compared with $26.8 million in 2006. Decreases in insurance premiums, exchange dues and interest expense were partially offset by an increase in legal related expenses due to broken transactions and new business initiatives.

Gain on Exchange Memberships

Gain on exchange memberships decreased $24.0 million to $1.8 million for the year ended December 31, 2007 compared to $25.8 million in 2006. This decrease was primarily attributable to a $24.8 million one-time gain realized upon the consummation of the merger of the NYSE and Archipelago Holdings, Inc. which occurred on March 7, 2006. NYSE members were entitled to receive cash and shares of NYSE Group common stock for each NYSE membership seat. Cowen Holdings held seven NYSE membership seats at the date of the merger. Cowen Holdings directed its interests from the merger to SGASH. The remaining gain occurred on November 16, 2006, as a result of the demutualization of the New York Mercantile Exchange ("NYMEX"). Cowen Holdings exchanged its seats at the Commodity Exchange ("COMEX") for 16,800 shares of restricted NYMEX common stock and two trading rights in the restructured COMEX. The NYMEX shares and the trading rights were recognized at fair value at the date of exchange, and Cowen Holdings recognized a gain of approximately $1.0 million representing the difference between the previous carrying value of the seats and the fair value of the shares that were received from the exchange at the time of demutualization. During the first quarter of 2007, Cowen Holdings sold its seat on the Chicago Board Options Exchange for a one-time gain of $1.8 million.

Provision for Income Taxes

Cowen Holdings reported a tax benefit of $6.5 million for the year ended December 31, 2007, which reflects an effective tax rate of 36.5%, compared to a tax provision of $4.5 million in 2006, which reflects an effective tax rate of 10.7%. The 2007 effective tax rate differs from the statutory tax rate of 35% primarily due to the establishment of a valuation allowance against certain stock compensation deferred tax assets offset by a state and local tax benefit. The low effective tax rate in 2006 is primarily the result of a net reversal of valuation allowance due to payments of deferred compensation arrangements related to the Cowen Holdings IPO and pre-IPO amortization of goodwill.

Liquidity and Capital Resources

Please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Company Liquidity and Capital Resources" included elsewhere in this prospectus for a discussion of the liquidity position and capital requirements for the Company.

Cash Flows

Nine Months Ended September 30, 2009.

Cash decreased by $18.8 million for the nine months ended September 30, 2009, primarily as a result of cash used in operating activities.

Cowen Holdings's operating activities used $16.8 million of cash due to a decrease in cash from changes in operating assets of $3.9 million, a decrease in cash from changes in operating liabilities of $1.0 million and a net loss of $24.1 million, partially offset by a net increase in cash from non-cash charges of $12.2 million.

The changes in operating assets of $3.9 million was primarily due to an increase in receivables from brokers, dealers and clearing brokers of $17.8 million, an increase in securities owned of $4.6 million and an increase in corporate finance and syndicate receivables of $4.2 million, partially offset by a decrease in restricted cash pursuant to escrow agreement of $12.5 million and a decrease in other assets of $11.4 million. The increase in corporate finance and syndicate receivables was primarily related to an increase in transactions near the end of the reporting period where the cash has not yet been collected. The change in securities owned, at fair value, caused cash to decrease by that amount. The decrease in cash pursuant to escrow agreement was due to settlements related to indemnified legal matters. The decrease in other assets was primarily related to amortization expense on forgivable loans.

The change in operating liabilities of $1.0 million was primarily due to a decrease in employee compensation and benefits payable of $12.1 million and a decrease in accounts payable, accrued expenses and other liabilities of $7.2 million, partially offset by an increase in securities sold, not yet purchased of $21.0 million. The decrease in employee compensation and benefits payable was due to the payment of 2008 bonus accruals during the first quarter of 2009. The decrease in accounts payable, accrued expenses and other liabilities was primarily due to timing on payments of accruals. The nine-month change in securities sold, not yet purchased, at fair value, caused cash to increase by that amount.

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The non-cash charges represent share-based compensation, deferred income taxes, and depreciation and amortization charges.

Cowen Holdings's investing activities used $1.9 million of cash due to cash investment purchases of $1.7 million and purchases of fixed assets of $0.4 million, partially offset by distributions from investments of $0.1 million and retirement of fixed assets of $0.1 million.

Year Ended December 31, 2008.

Cash decreased by $31.3 million for the year ended December 31, 2008, as a result of cash used in operating activities, cash used in investing activities and cash used in financing activities.

Cowen Holdings's operating activities used $8.5 million of cash due to a net loss of $72.2 million and a decrease in cash from changes in operating liabilities of $76.8 million, partially offset by cash from changes in operating assets of $70.8 million and non-cash charges of $69.6 million.

The change in operating liabilities of $76.8 million was primarily due to a decrease in securities sold, not yet purchased, at fair value, of $21.5 million, a decrease in employee compensation and benefits payable of $38.6 million, and a decrease in legal reserves and legal expenses payable of $17.7 million. The 2008 change in securities sold, not yet purchased, at fair value, associated with our convertible trading inventory, caused cash to decrease by that amount. The decrease in employee compensation and benefits payable was due to the payment of 2007 bonus accruals in the first quarter of 2008, partially offset by lower 2008 bonus accruals at December 31, 2008. Legal reserves and expenses payable decreased due to settlement payments and a return of excess funds to SGASH.

The change in operating assets of $70.8 million was primarily due to a decrease in securities owned, at fair value, of $17.0 million, a decrease in receivable from brokers, dealers and clearing brokers of $30.9 million, a decrease in corporate finance and syndicate receivables, net, of $10.3 million and a decrease in restricted cash pursuant to escrow agreement of $10.5 million. The decrease in securities owned, at fair value, caused cash to increase by that amount. The decrease in receivable from brokers, dealers and clearing brokers was primarily due to a reduction in net inventory and collections from clearing brokers. The decrease in corporate finance and syndicate receivables, net, was due to collection on outstanding balances. The decrease in cash pursuant to escrow agreement was the result of settlement payments and a return of excess funds to SGASH. The non-cash charges primarily represent a goodwill impairment charge, share-based compensation, deferred income taxes, and depreciation and amortization charges.

Cowen Holdings's investing activities used $19.9 million of cash in 2008 due to cash paid for Cowen Holdings's acquisition of Cowen Latitude Capital Group, net of cash acquired, of $3.2 million, investment purchases of $18.1 million and purchases of fixed assets of $1.6 million. These amounts were partially offset by distributions from investments of $3.0 million.

Cowen Holdings's financing activities used $2.8 million of cash in 2008, primarily due to the use of $4.4 million for the purchase of shares under Cowen Holdings's stock repurchase program. For the year ended December 31, 2008, Cowen Holdings repurchased 0.5 million of its own shares in the open market, at an average price of $9.29. These shares have been permanently retired. The repurchase program is funded through the return of capital to Cowen Holdings from Cowen. For more information about the repurchase program, see Note 21 to the Consolidated Financial Statements of Cowen Holdings.

Credit Facilities

Please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Company Credit Facilities" included elsewhere in this prospectus for a discussion of the Company's Credit Facilities.

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Contractual Obligations

Please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Company Contractual Obligations" included elsewhere in this prospectus for a discussion of the Company's contractual obligations.

Off-Balance Sheet Arrangements

Please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Company Off-Balance Sheet Arrangements" included elsewhere in this prospectus for a discussion of the Company's off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of Cowen Holdings's Condensed Consolidated Financial Statements requires Cowen Holdings to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses during the reporting periods. Cowen Holdings bases its estimates and assumptions on historical experience and on various other factors that Cowen Holdings believes are reasonable under the circumstances. The use of different estimates and assumptions could produce materially different results. For example, if factors, such as those described in "Risk Factors" beginning on page 11 of this prospectus cause actual events to differ from the assumptions Cowen Holdings used in applying the accounting policies, Cowen Holdings's results of operations, financial condition and liquidity could be materially adversely affected.

Cowen Holdings's significant accounting policies are summarized in Note 2 to Cowen Holdings's Condensed Consolidated Financial Statements included elsewhere in this prospectus. On an ongoing basis, Cowen Holdings evaluates its estimates and assumptions, particularly as they relate to accounting policies that Cowen Holdings believes are most important to the presentation of Cowen Holdings's financial condition and results of operations. Cowen Holdings regards an accounting estimate or assumption to be most important to the presentation of Cowen Holdings's financial condition and results of operations where:

- the nature of the estimate or assumption is material due to the level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and

- the impact of the estimate or assumption on Cowen Holdings's financial condition or operating performance is material.

Using these criteria, the Company believes the following to be Cowen Holdings's critical accounting policies:

Revenue Recognition

Cowen Holdings earns investment banking revenue primarily from fees associated with public and private capital raising transactions and providing strategic advisory services. Cowen Holdings's investment banking revenues are derived primarily from small and mid-capitalization companies within Cowen Holdings's target sectors of healthcare, technology, media and telecommunications, consumer, aerospace & defense, and alternative energy.

- **Underwriting fees.** Cowen Holdings earns underwriting revenues in securities offerings in which Cowen Holdings acts as an underwriter, such as IPOs, follow-on equity offerings and convertible security offerings. Cowen Holdings's underwriting revenues include management fees, selling concessions and underwriting fees. Fee revenue relating to underwriting commitments is recorded when all significant items relating to the underwriting cycle have been completed and

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the amount of the underwriting revenue has been determined. This generally is the point at which all of the following have occurred: (i) the issuer's registration statement has become effective with the SEC, or the other offering documents are finalized; (ii) Cowen Holdings has made a firm commitment for the purchase of shares from the issuer; and (iii) Cowen Holdings has been informed of the number of shares that it has been allotted.

When Cowen Holdings is not the lead manager for a registered equity underwriting transaction, management must estimate Cowen Holdings's share of transaction related expenses incurred by the lead manager in order to recognize revenue. Transaction-related expenses are deducted from the underwriting fee and therefore reduce the revenue Cowen Holdings recognizes as co-manager. Such amounts are adjusted to reflect actual expenses in the period in which Cowen Holdings receives the final settlement, typically within 90 days following the closing of the transaction.

Strategic/financial advisory fees. Cowen Holdings's strategic advisory revenues include success fees earned in connection with advising companies, both buyers and sellers, principally in mergers and acquisitions. Cowen Holdings also earns fees for related advisory work such as providing fairness opinions. Cowen Holdings records strategic advisory revenues when the services for the transactions are completed under the terms of each assignment or engagement and collection is reasonably assured. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Private placement fees. Cowen Holdings earns agency placement fees in non-underwritten transactions such as private placements, PIPEs and RDs. Cowen Holdings records private placement revenues when the services for the transactions are completed under the terms of each assignment or engagement and collection is reasonably assured. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Valuation of Financial Instruments

Substantially all of Cowen Holdings's financial instruments are recorded at fair value or contract amounts that approximate fair value. Securities owned and securities sold, not yet purchased and derivative financial instruments including options and warrant positions are stated at fair value, with related changes in unrealized appreciation or depreciation reflected in brokerage revenue in the Condensed Consolidated Statements of Operations. Financial instruments carried at contract amounts include amounts receivable from and payable to brokers, dealers and clearing brokers, and corporate finance and syndicate receivables, net.

Cowen Holdings determines fair value in accordance with SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 establishes a fair value hierarchy that distinguishes between valuations obtained from sources independent of the entity and those from the entity's own unobservable inputs that are not corroborated by observable market data.

Fair value is generally based on independent sources such as quoted market prices or dealer price quotations. To the extent certain financial instruments trade infrequently or are non-marketable securities, they may not have readily determinable fair values. In these instances, primarily for warrants, Cowen Holdings estimates the fair value of these instruments using various pricing models and available information that management deems most relevant. Among the factors considered by Cowen Holdings in determining the fair value of financial instruments are discounted anticipated cash flows, the cost, terms and liquidity of the instrument, the financial condition, operating results and credit ratings of the issuer or underlying company, the quoted market price of publicly traded securities with similar quality and yield, and other factors generally pertinent to the valuation of financial instruments.

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Goodwill

Goodwill represents the excess of the purchase price of a business acquisition over the fair value of the net assets acquired. In accordance with SFAS 142, goodwill is not amortized. Cowen Holdings monitors goodwill annually or more frequently if events or circumstances indicate a possible impairment.

A two-step test is used to determine whether goodwill is impaired. The first step is to compare the carrying value of a reporting unit with the fair value of the reporting unit. If the carrying value of the reporting unit exceeds the fair value of the reporting unit, the third step is applied. The third step is to compare the carrying amount of the reporting unit's goodwill with the implied fair value of the reporting unit's goodwill as determined in accordance with SFAS 142. Goodwill impairment is recognized if its carrying value exceeds its implied fair value. The determination of fair value includes consideration of projected cash flows, relevant trading multiples of comparable exchange-listed corporations, and the trading price of Cowen Holdings's common shares.

Goodwill impairment tests are subject to significant judgment in determining the estimation of future cash flows, discount rates and other assumptions. Changes in these estimates and assumptions could have a significant impact on the fair value and any resulting impairment of goodwill.

Legal and Regulatory Reserves

Cowen Holdings is involved in a number of legal and regulatory matters that arise from time to time in connection with the conduct of Cowen Holdings's businesses. To the extent that Cowen Holdings is indemnified by SG under Cowen Holdings's Indemnification Agreement, indemnified legal expenses and liabilities will be paid out of escrow pursuant to Cowen Holdings's Escrow Agreement. See Note 5 of the Notes to the Condensed Consolidated Financial Statements of Cowen Holdings, and Note 15 of the Notes to the Condensed Consolidated Financial Statements of Cowen Holdings, for further discussion of the Escrow and Indemnification Agreements. To the extent that Cowen Holdings is not indemnified by SG, Cowen Holdings estimates potential losses that may arise out of these matters and record a reserve and take a charge to income when losses with respect to such matters are deemed probable and can be reasonably estimated, in accordance with SFAS 5, *Accounting for Contingencies.* Such estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel, Cowen Holdings's defenses and Cowen Holdings's experience in similar cases or proceedings as well as Cowen Holdings's assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Cowen Holdings may increase or decrease Cowen Holdings's legal reserves in the future, on a matter-by-matter basis, to account for developments in such matters. Any future increases to Cowen Holdings's loss contingency reserves or releases from these reserves may affect Cowen Holdings's results of operations. Historically, legal costs have significantly impacted Cowen Holdings's financial results.

Quantitative and Qualitative Disclosures about Market Risk

Please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Company Quantitative and Qualitative Disclosures about Market Risk" included elsewhere in this prospectus for a discussion of the Company's quantitative and qualitative disclosures about market risk.

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BUSINESS

Our Business

Cowen Group is a diversified financial services firm providing alternative investment management, investment banking, research, and sales and trading services through its business units, Ramius and Cowen and Company. Its alternative investment management products include hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services, offered primarily under the Ramius name. Cowen and Company offers industry focused investment banking services for growth-oriented companies, domain knowledge-driven research and a sales and trading platform for institutional investors.

Cowen Group, a Delaware corporation, is a new holding company, formed in connection with the business combination of Ramius and Cowen Holdings. On November 2, 2009, the Transactions were consummated in which RCG received approximately 66.56% of our Class A common stock in exchange for the Ramius business and former Cowen Holdings shareholders received approximately 28.63% of our common stock in exchange for the Cowen Holdings business. Following the consummation of the Transactions, each of Ramius and Cowen Holdings became a wholly owned subsidiary of the Company.

Industry

The financial market dislocation, which began in the fourth quarter of 2007 and accelerated into 2008, has created new opportunities for firms that are able to adapt to the changing landscape. In the past 24 months, many financial institutions in the United States either failed outright or were acquired by other financial institutions in distressed sales. Many of those that survived the dislocation found that their operating strategies had become greatly altered by the federal government, which became a major stakeholder in a number of financial institutions through various guarantee and support programs.

We believe the firms that have navigated this dislocation and are unencumbered by government obligations will have advantages going forward. Such firms should have opportunities to develop new client relationships and to build and improve their talent base and product offerings.

Alternative Investment Management Industry

Over the past ten years, the alternative investment management industry experienced strong growth in assets under management (AUM). Hedge Fund Research, Inc. estimates that from 2000 to 2007, the global AUM for the hedge fund industry grew from $491 billion to a peak of $1,868 billion. Much of that growth can be attributed to investments by a growing number of institutional and individual investors seeking alternative investment management strategies as a means of obtaining diversification in their investment portfolios and improving their risk-adjusted returns. Despite the rapid expansion in institutional inflows, alternative investment management strategies still account for a relatively small portion of total institutional AUM, which we believe creates significant opportunity for continued growth.

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Estimated Hedge Fund Asset Growth

Source: Hedge Fund Research, Inc., Q3 2009

As shown in the table above, since the beginning of the financial dislocation, industry-wide AUM decreased from a peak of $1,868 billion to a low of $1,332 billion at the end of the first quarter of 2009 due to net asset outflows and negative performance. Since that time, the broader markets and the hedge fund industry have started to stabilize as a result of continuing institutional demand for increased risk-adjusted returns in the face of a generally low yielding fixed-income environment and the disappointing performance of many passive equity investment products. Even during its most difficult performance period from January 1, 2008 to March 31, 2009, the hedge fund industry was only down approximately 20% broadly as compared to the S&P 500 which had declines of over 40%.

We believe the financial dislocation and related events that have transpired over the past two years have changed the alternative investment management industry landscape. Barriers to entry have dramatically increased and we see due diligence from investors and investment consultants intensifying and becoming more institutional in nature. We believe investors will increasingly demand transparent investment philosophies, decision-making processes, risk management and performance attribution, thereby increasing the need for scale and well-developed operational infrastructure. In addition, we expect that open architecture distribution platforms at large financial institutions will become increasingly important means to attract clients to such institutions. We believe those distribution platforms will select alternative investment management firms that have breadth of quality investment product and the institutional capability to be strategic partners in the development of client solutions.

Investment Banking Industry

The failure of Bear Stearns and Lehman Brothers and a consolidation trend toward fewer large financial firms has created an opportunity for smaller, more focused investment banking firms to gain market share with growth oriented clients that want better access to key, senior advisors in their industry. Many large financial institutions have suffered disruptions in their client relationships and are impeded by one or more federal initiatives. Much of the remaining industry consists of numerous smaller, boutique firms which are typically either product, industry or geographically focused. Although the downturn in the economy significantly reduced capital markets and mergers and acquisitions deal flow, we believe that trend is changing as the effects of extraordinarily accommodative monetary policy take hold. Mergers and acquisitions activity is expected to increase as companies begin to face diminishing organic growth opportunities. Equity capital markets activity is also expected to increase as

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corporations seek to deleverage their balance sheets and financial sponsors seek to monetize and restructure investments in their portfolios.

Competitive Strengths

We believe that the recent combination of Ramius's and Cowen and Company's businesses creates a firm with the breadth and depth to take advantage of the current market dislocation. The Company's global alternative investment management business (hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services) complements the Company's established financial services practice (investment banking, research and sales and trading) in the following ways:

Diversified Platform of Complementary Businesses. The combination of our alternative investment management and investment banking businesses adds significant diversity to our sources of revenue. We believe that revenue diversification provides us with greater financial stability through market cycles when compared to other firms with a narrower product, sector or regionally-focused business model.

Top-Tier Management Team. We have a team of senior professionals led by seasoned executives with decades of experience building and managing financial services organizations and a track record of generating positive risk-adjusted returns. Additionally, the reputation of our senior management and their global network of relationships provides us with competitive advantages in identifying transactions and securing investment opportunities.

Strong Balance Sheet with a Long-Term, Proprietary Track Record of Outperformance. On a pro forma basis as of September 30, 2009, we had $406.8 million of total equity, a significant portion of which is invested or available for new investment opportunities. Since Ramius began investing its own capital on a proprietary basis in 1999, we generated a compounded annualized return on our invested capital through September 30, 2009 that significantly exceeds the S&P 500 return for the same period.

Team-Oriented Culture. Our senior management encourages collaboration and fosters a partnership culture in which highly-motivated team members can seek to build successful businesses together. We believe this enables us to identify and respond to new opportunities as they emerge and ultimately helps us to better identify, attract and retain talented, results-oriented people.

Alignment of Interests. One of our fundamental philosophies is to align the interests of our management and employees with those of our shareholders and investors. Employees, our executive officers and members of our board of directors own over 30% of our outstanding Class A common stock, including through their ownership of RCG. The equity held by certain Ramius principals through RCG is subject to transfer restrictions for at least 30 months from November 2, 2009. In addition, the Company's own capital invested alongside our investors in many of our investment products.

Institutionalized Operational Processes and Infrastructure. We have developed highly institutionalized products, risk management, operational and information technology processes and controls. We believe that this infrastructure is scalable and important in attracting institutional investors, third-party distribution platforms and brokerage clients who demand portfolio transparency and deep insight into investment processes, as well as high quality research, execution and advisory services.

Opportunities for Growth

The business combination of Ramius and Cowen and Company brought together two like-minded, collaborative cultures. We believe the open exchange of ideas and the leveraging of relationships across both organizations will lead to greater revenue opportunities in our existing business lines. Moreover, our balance sheet should allow us to pursue opportunistic expansion either organically, through the

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hiring of talented individuals or teams, or through acquisitions, investments and strategic partnerships for both our alternative investment management and investment banking businesses.

Additional business line initiatives include:

Alternative Investment Management Business

Extend strong investment track record. Historically, our hedge fund and fund of funds platforms have sought to deliver consistent, risk-adjusted returns to our investors throughout market cycles. In these platforms, we seek positive performance with minimal correlation to directional market indices. As we seek to increase our assets under management, our focus remains to provide our clients with strong investment performance through our current strategies.

Grow assets under management by expanding our global distribution network. We are focused on developing a more significant global presence and intend to expand our client relationships and distribution capabilities in key regions of the world through new distribution channels and joint ventures. In addition, we are seeking to become a preferred alternative investment service provider to financial intermediaries who will distribute our alternative investment management products through their distribution platforms.

Expand investment products and strategies. We are an alternative investment solutions provider that focuses on evolving client needs. We have consistently developed and added new products and strategies to our business and will continue to selectively expand our products, strategies and service offerings through acquisition, strategic partnership or the addition of new investment talent.

Investment Banking Business

Enhance our investment banking relationships. We believe that the combination of Ramius's network of investors and partners and Cowen and Company's corporate and institutional relationships coupled with our capital markets capabilities should enable us to be retained for more and a wider variety of investment banking transactions.

Leverage our sales and trading distribution into broader firm relationships. The institutional knowledge and expertise of our sales and trading teams are highly valued by our clients. We will seek to leverage this knowledge and expertise into increased levels of dialogue with our clients to generate value added capital markets and portfolio management ideas that we can execute on their behalf.

Hire additional senior professionals and add new industry verticals. We anticipate adding financial professionals and coverage of new sectors on an opportunistic basis. We have recently hired individuals in two new industry verticals financial institutions and REITs that have the potential for strong transaction activity.

Our Alternative Investment Management Business

We operate our alternative investment management business primarily through Ramius LLC, our wholly owned subsidiary. Our alternative investment management business had approximately $7.9 billion of assets under management as of October 1, 2009, after giving pro forma effect to the consummation of the Transactions. The predecessor to this business was founded in 1994 and, through one of its subsidiaries, has been a registered investment adviser under the Investment Advisers Act since 1997. Our alternative investment management products and services include hedge funds, fund of funds, real estate, healthcare royalty funds and cash management services. Our institutional investors include pension funds, insurance companies, banks, foundations and endowments, wealth management organizations and family offices.

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Alternative Investment Management Products and Services

Hedge Funds. Ramius's hedge funds are focused on addressing the needs of institutional investors and high net worth individuals to preserve and grow allocated capital through a risk-averse, research intensive process. Ramius offers multi-strategy hedge funds, each of which attempts to employ a series of strategies with a focus on investments that seek low correlation to each other and to the return patterns of traditional assets such as equities and fixed income. Examples of the strategies included within Ramius's multi-strategy funds include: macro-trading, merger arbitrage and small-cap value creation, hedged equity, convertible arbitrage, private convertibles, real estate and special situations. Ramius also currently offers two single-strategy hedge funds, one focused on small-cap value creation and another focused on corporate credit and credit-related products.

Fund of Funds. A fund of funds offers investors the opportunity to invest in a private investment vehicle whose purpose is to invest in a group of underlying hedge funds or other alternative investment management vehicles selected by the fund of funds investment manager. Ramius offers fund of funds investment products which invest in a number of alternative investment management vehicles which are selected by Ramius and are not affiliated with Ramius with the goal of achieving consistent and stable returns to investors. We have created a number of programs including long/short equity, global value creation, diversified absolute return, concentrated multi-strategy, as well as client-focused solutions based on hedging overlays and hedge fund replication, varying regulatory structures and other client-driven portfolio constraints. The fund of funds program employs evaluation procedures to determine the opportunity set for each strategy, sources appropriate institutional quality underlying-managers with a history of longevity and stability, conducts detailed investment, operational, legal, financial and risk due diligence on each underlying-manager, and utilizes qualitative and quantitative techniques to construct portfolios of those underlying-managers' funds. The resulting portfolio allocations are continuously analyzed and adjusted according to the outlook for each strategy and underlying-manager. The Ramius fund of funds program invests with approximately 54 hedge fund managers and was established in 1998.

Real Estate Funds. The Ramius real estate funds have focused on generating long-term returns through the structuring, ownership, management, financing and construction of all real estate property types since 1999. This approach attempts to focus on real estate fundamentals and potential market inefficiencies. As of September 30, 2009, the Ramius Urban American Fund owned interests in and managed approximately 12,000 multi-family housing units in the New York metropolitan area. The Ramius Longview platform provides bridge senior/subordinated mortgages, mezzanine loans, and preferred equity through its debt fund series, makes equity investments through its equity fund and, as of September 30, 2009, the members of the general partners of the funds on this platform owned interests in and/or managed approximately 34,000 residential units and approximately 35 million square feet of commercial and retail space in 37 states. The general partners of Ramius's real estate funds are owned jointly by Ramius and third parties with Ramius's ownership interest in the general partners of the real estate funds ranging from 30% to 55%. We do not possess unilateral control over any of these general partners.

Cowen Healthcare Royalty Partners. Cowen Healthcare Royalty Partners ("CHRP") manages an investment program that invests principally in commercial-stage biopharmaceutical products and companies through the purchase of royalty or synthetic royalty interests and structured debt and equity instruments. CHRP seeks these royalty interests in end-user sales of commercial-stage or near commercial-stage medical products such as pharmaceuticals, biotechnology products and medical devices. Prior to the consummation of the Transactions, CHRP was part of Cowen Holdings' business. We share the management fees from the CHRP funds equally with the founders of CHRP. In addition, we receive a share of the carried interest of the general partner of the CHRP funds of between 33.3% and 40.2%.

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Cash Management and Mortgage Advisory Services. Ramius's cash management services business provides clients with investment guidelines for managing cash and establishes investment programs for managing their cash in separately managed accounts. Ramius's cash management products are focused on preserving principal, maintaining daily liquidity and maximizing returns for investors. Portfolios are separately managed according to each investor's investment guidelines and are held at a custodian. Investor cash and other short term fixed income assets are managed for corporate, municipal, not-for-profit and other institutional clients (including hedge funds). Ramius also provides mortgage advisory services where Ramius manages collateralized debt obligations (which we refer to as CDOs) held by investors and liquidates CDOs that were historically managed by others.

Assets Under Management. The following table sets forth our assets under management as of October 1, 2009 across our alternative investment management products and services, after giving pro forma effect to the Transactions:

Platform	Total Assets under Management (dollars in millions)		Primary Strategies
Hedge Funds	$	1,919[(1)]	Multi-Strategy Single Strategy
Fund of Funds[(2)]		2,017	Ramius Multi-Strategy Ramius Vintage Multi-Strategy Ramius Customized Solutions
Real Estate[(3)]		1,628[(4)]	Debt Equity
Cowen Healthcare Royalty Partners[(5)]		806	Royalty Interests
Other		1,526	Cash Management Mortgage Advisory
Total	$	7,896	

(1) This amount includes our own invested capital of approximately $276 million as of September 30, 2009.

(2) As discussed above, as of October 1, 2009, HVB owned 50% of Ramius Alternative Solutions, the fund of funds business. As of November 2, 2009, the Company acquired HVB's interest in Ramius Alternative Solutions.

(3) As discussed above, Ramius owns between 30% and 55% of the general partners of the real estate business. We do not possess unilateral control over any of these general partners.

(4) This amount reflects committed capital.

(5) Prior to the closing of the Transactions, CHRP was part of the business of Cowen Holdings. The Company shares the management fees from the CHRP funds equally with the founders of CHRP. In addition, the Company receives a share of the carried interest of the general partner of the CHRP funds of between 33.3% and 40.2%.

Our Investment Banking Business

We operate our investment banking business primarily through Cowen and Company, our primary broker-dealer and a subsidiary of Cowen Holdings. Cowen and Company is an international investment

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bank dedicated to providing superior research, brokerage and investment banking services to companies and institutional investor clients primarily in the healthcare, technology, media and telecommunications, consumer, aerospace and defense, financial institutions, REITs and alternative energy sectors. We provide research and brokerage services to over 1,000 domestic and international clients seeking to trade equity and equity-linked securities, principally in our target sectors. We focus our investment banking efforts, principally equity and equity-linked capital raising and strategic advisory services, on growth-oriented public companies as well as private companies.

Investment Banking

Our investment banking professionals are focused on providing strategic advisory and capital raising services to public and private companies in the healthcare, technology, media and telecommunications, consumer, aerospace and defense, financial institutions, REITs and alternative energy sectors. By focusing on Cowen and Company's target sectors over a long period of time, we have developed a significant understanding of the unique challenges and demands with respect to public and private capital raising and strategic advice in these sectors. Our advisory and capital raising capabilities begin at the early stages of a private company's accelerated growth phase and continue through its evolution as a public company. Historically, a significant majority of Cowen and Company's investment banking revenue has been earned from high-growth small and mid-capitalization companies. We believe the high level of expertise and client trust Cowen and Company has developed allows it to generate significant repeat business. In 2008, over 27% of Cowen and Company's investment banking business was executed for clients that had utilized its services in the past.

Brokerage

Our team of brokerage professionals serves institutional investor clients in the U.S. and internationally. Cowen and Company primarily trades common stocks and listed options on behalf of its clients. We have relationships with over 1,000 institutional investor clients. Our brokerage team is comprised of experienced professionals dedicated to Cowen and Company's target sectors, which allows us to develop a level of knowledge and focus that differentiates our brokerage capabilities from those of many of our competitors. We tailor our account coverage to the unique needs of our clients.

Our sales professionals also provide our institutional investor clients with access to the management of our investment banking clients outside the context of financing transactions. These meetings are commonly referred to as non-deal road shows. Non-deal road shows allow our investment banking clients to increase their visibility with the institutional investor community while providing its institutional investor clients with the opportunity to further educate themselves on companies and industries through meetings with management. We believe Cowen and Company's deep relationships with company management teams and its sector-focused approach provide us with broad access to management.

Our sector traders are able to provide superior execution because of their extensive knowledge of the interests of our institutional investor clients in specific companies in Cowen and Company's target sectors.

Research

We currently have a research team of 23 senior analysts covering more than 325 companies. Within our coverage universe, approximately 34% are healthcare companies, 34% are technology companies, 19% are consumer companies, 9% are aerospace and defense companies and 4% are alternative energy companies. In addition, we recently announced the addition of three senior analysts who will form our REIT research platform.

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We highlight our investment research and provide significant investor access to corporate management teams through a number of annual conferences focused on Cowen and Company's sectors and sub-sectors. We believe these conferences are differentiated by the integrity of our research presented, the quality of its survey results presented and the reputations of our expert panelist participants. Expert panelists who appear at these conferences are drawn from our extensive network of industry thought leaders that Cowen and Company developed over the past thirty years. Our investor clients recognize that Cowen and Company's networks, particularly in healthcare, are comprised of many of the leading professionals in their respective fields.

Employees

As of September 30, 2009, Ramius had 147 employees and Cowen and Company had 419 employees.

Competition

We compete with many other firms in all aspects of our business, including raising funds, seeking investment opportunities and hiring and retaining professionals, and we expect our business will continue to be highly competitive. The alternative investment management and investment banking industries are currently undergoing contraction and consolidation, reducing the number of industry participants and generally resulting in the larger firms being better positioned to retain and gain market share. We compete in the United States and globally for investment opportunities, investor capital, client relationships, reputation and talent. We face competitors that are larger than we are and have greater financial, technical and marketing resources. Certain of these competitors continue to raise additional amounts of capital to pursue investment strategies that may be similar to ours. Some of these competitors may also have access to liquidity sources that are not available to us, which may pose challenges for us with respect to investment opportunities. In addition, some of these competitors may have higher risk tolerances or make different risk assessments than we do, allowing them to consider a wider variety of investments and establish broader networks of business relationships. Our competitive position depends on our reputation, our investment performance and processes, the breadth of our business platform and our ability to continue to attract and retain qualified employees while managing compensation and other costs. For additional information regarding the competitive risks that we face, see "Risk Factors Risks Related to the Company's Alternative Investment Management Business" and "Risk Factors Risks Related to the Company's Investment Banking Business."

Recent Developments

Consummation of the Transactions

On November 2, 2009, the Transactions were consummated including (1) the conversion of each outstanding share of Cowen Holdings's common stock into one share of our Class A common stock and (2) RCG's transfer of substantially all of its assets and liabilities to Ramius, our wholly owned subsidiary, in exchange for 37,536,826 shares of our Class A common stock.

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Fund of Funds Asset Exchange

On November 2, 2009, concurrently with the consummation of the Transactions, Cowen Holdings purchased from HVB the 50% interest in Ramius Alternative Solutions, the Ramius fund of funds business that HVB owned in exchange for (1) the Company's issuance to HVB of 2,713,882 shares of our Class A common stock, and (2) approximately $10.4 million cash. This exchange resulted in Ramius Alternative Solutions becoming an indirect wholly-owned subsidiary of the Company.

Amendment to Investment Agreement with Alpine Cayman Islands Limited

In connection with the Transactions, Ramius and Alpine Cayman Islands Limited, an affiliate of BA Alpine Holdings, Inc., amended the investment agreement with respect to Alpine Cayman Islands Limited's investment in certain Ramius funds. Alpine Cayman Islands Limited has agreed that until September 30, 2010, it will not withdraw a portion of its investment if as a consequence of such withdrawal, the value of its investment would be less than $250 million, subject to specified exceptions. Beginning on September 30, 2010 and on each subsequent calendar quarter end date, there is no restriction on withdrawing a portion of the investment equal to at least $40 million from the Ramius funds plus any additional amounts that are permitted to be withdrawn from such investment on such date as is specified in the amendment to the investment agreement.

Notwithstanding the limitations described above, Alpine Cayman Islands Limited may also reduce its investments if:

- the value of its investment in the Ramius funds and the amount of assets under management in the Ramius funds attributable to third party investors other than Alpine Cayman Islands Limited and its affiliates fall below certain levels;
- if RCG ceases to be controlled by at least two of Peter A. Cohen, Morgan B. Stark, Thomas W. Strauss and Jeffrey M. Solomon;
- any merger, consolidation, tender offer or any other transaction resulting in the stockholders of the Company immediately before such transaction owning less than a majority of the aggregate voting power of the resultant entity or any sale of all or substantially all of the assets of the Company;
- the Ramius funds are no longer managed by the Company or one of its subsidiaries; or
- certain individuals, or Ramius, directly or indirectly, on behalf of these individuals, dispose of shares of our common stock other than as permitted by certain provisions of RCG's organizational documents.

In addition, if the Ramius funds in which Alpine Cayman Islands Limited is invested suspend or otherwise restrict withdrawals from the funds, Alpine Cayman Islands Limited would be entitled to withdraw a portion of its investment in such funds on a pro rata basis with third party investors in these funds.

Amendment to Investment Agreement with HVB AG

In connection with the Transactions, Ramius and HVB AG, an affiliate of BA Alpine Holdings, Inc., amended the investment agreement with respect to an investment in certain funds of Ramius Alternative Solutions. It has been agreed that until September 30, 2010, a portion of this investment may not be withdrawn if after such withdrawal, the value of the investment would be less than $350 million, subject to specified exceptions. Beginning on September 30, 2010 and on each subsequent calendar quarter end date, there is no restriction on withdrawing a portion of the investment equal to at least $60 million from the funds of Ramius Alternative Solutions plus any

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additional amounts that are permitted to be withdrawn from such investment on such date as is specified in the amendment to the investment agreement.

Notwithstanding the limitations described above, the investment in Ramius Alternative Solutions may be reduced if:

- following the closing of the transactions, the value of the investment in the funds of Ramius Alternative Solutions falls below a certain level;
- if RCG ceases to be controlled by at least two of Peter A. Cohen, Morgan B. Stark, Thomas W. Strauss and Jeffrey M. Solomon;
- any merger, consolidation, tender offer or any other transaction resulting in the stockholders of the Company immediately before such transaction owning less than a majority of the aggregate voting power of the resultant entity or any sale of all or substantially all of the assets of the Company;
- the funds of Ramius Alternative Solutions are no longer managed by the Company or one of its subsidiaries; or
- certain individuals, or RCG, directly or indirectly, on behalf of these individuals, dispose of shares of our common stock other than as permitted by certain provisions of RCG's organizational documents.

Credit Facility

On November 2, 2009, the Company entered into the HVB Credit Facility. The HVB Credit Facility provides for a secured revolving loan facility of up to $50 million (which automatically reduces to $25 million on January 4, 2010), with a maturity date of November 2, 2011. The HVB Credit Facility is not able to be terminated by the Company prior to the maturity date even if there are no amounts outstanding thereunder. The actual amount available to us under the HVB Credit Facility is limited to the lesser of (a) $50 million and (b) 20% of the net asset value of our aggregate direct and indirect limited partnership interests in Ramius Enterprise LP. At our election, borrowings under the HVB Credit Facility bear interest per annum (based on a 360-day year) equal to either: (i) the prime rate plus 1.5% (for a portion of the facility to be determined) or (ii) LIBOR plus 3.5%. We are required to pay a quarterly commitment fee on the undrawn portion of the revolving loan facility equal to 1.0% per annum. The HVB Credit Facility is secured by 100% of the limited partnership interests of Ramius Enterprise LP held by us and Ramius.

Regulation

Our businesses, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations by governmental and self-regulatory organizations, in the United States and the jurisdictions in which we operate around the world. As a publicly traded company in the United States, we are subject to the U.S. federal securities laws and regulation by the SEC. In the United States, the SEC is the federal agency responsible for the administration of the federal securities laws.

Most of the investment advisers of our investment funds are registered as investment advisers with the SEC and all of our wholly owned investment advisers to our investment funds comply with the rules of being a registered adviser. Registered investment advisers are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an advisor and advisory clients and general anti-fraud prohibitions.

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We are also subject to regulation under the Exchange Act, as defined below, the Securities Act and various other statutes. In addition, we are subject to regulation by the Department of Labor under the U.S. Employee Retirement Income Security Act of 1974, which we refer to as "ERISA." In the United Kingdom, we are subject to regulation by the U.K. Financial Services Authority, and in Luxembourg by the Commission de Surveillance du Secteur Financier. Our Asian operations, and our investment activities around the globe, are subject to a variety of regulatory regimes that vary country by country, including the Securities and Futures Commission in Hong Kong.

As a matter of public policy, regulatory bodies in the United States and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. Currently. in light of current conditions in the financial markets, governmental authorities in the U.S. and in the other countries in which we operate have proposed additional disclosure requirements and regulation of hedge funds and other alternative asset managers. For example, as described below, recent rulemaking by the SEC and other regulatory authorities outside the United States has imposed trading and reporting requirements on short selling, which could adversely affect trading opportunities, including hedging opportunities, for our funds. See the section titled "Risk Factors" for more information. Our businesses have operated for many years within a legal framework that requires our being able to monitor and comply with a broad range of legal and regulatory developments that affect our activities. Certain of our businesses are subject to compliance with laws and regulations of United States federal and state governments, non-United States governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or reputational damage. Additional legislation, changes in rules promulgated by the SEC and self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect the mode of our operation and profitability. The United States and non-United States government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or its directors, officers or employees. Occasionally, we have been subject to investigations and proceedings, and sanctions have been imposed for infractions of various regulations relating to our activities.

Cowen and Company, LLC, our U.S. based indirect wholly-owned subsidiary, is registered as a broker-dealer with the SEC and in all 50 states, the District of Columbia and Puerto Rico. Self-regulatory organizations, such as the Financial Industry Regulatory Authority ("FINRA") and the New York Stock Exchange, Inc. ("NYSE"), adopt and enforce rules governing the conduct and activities of its member firms, including Cowen and Company, LLC. In addition, state securities regulators also have regulatory or oversight authority over our broker-dealer entities. Accordingly, Cowen and Company, LLC is subject to regulation and oversight by the SEC, FINRA and the NYSE. FINRA and the NYSE are themselves subject to oversight by the SEC. Cowen and Company, LLC is also a member of, and subject to regulation by, the Chicago Board Options Exchange, the Philadelphia Stock Exchange, the American Stock Exchange, the International Stock Exchange, the Nasdaq Stock Exchange, the Chicago Board of Trade and the New York Mercantile Exchange.

Broker-dealers are subject to regulations that cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers' funds and securities, capital structure, record-keeping, the financing of customers' purchases and the conduct and qualifications of directors, officers and employees. In particular, as a registered broker-dealer and member of various self-regulatory organizations, Cowen is subject to the SEC's uniform net capital rule, Rule 15c3-1 under the Securities Exchange Act of 1934 ("Exchange Act"). Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker- dealer to expand its business under certain circumstances. Additionally, the SEC's uniform net capital rule requires us to give prior notice to the SEC for certain withdrawals of capital. As a result, our ability to withdraw capital from our broker-dealer subsidiary may be limited.

The research functions of investment banks have been, and continue to be, the subject of increased regulatory scrutiny. In 2002 and 2003, acting in part pursuant to a mandate contained in the Sarbanes-Oxley Act of 2002, the SEC, the NYSE and the predecessor to FINRA adopted rules imposing heightened restrictions on the interaction between equity research analysts and investment banking personnel at member securities firms. The requirements resulting from these regulations have necessitated the development and enhancement of corresponding policies and procedures.

The effort to combat money laundering and terrorist financing is a priority in governmental policy with respect to financial institutions. The Bank Secrecy Act ("BSA"), as amended by Title III of the USA PATRIOT Act of 2001 and its implementing regulations ("Patriot Act"), requires broker-dealers and other financial services companies to maintain an anti-money laundering compliance program that includes written policies and procedures, designated compliance officer(s), appropriate training, independent review of the program, standards for verifying client identity at account opening and obligations to report suspicious activities and certain other financial transactions. Through these and other provisions, the BSA and Patriot Act seek to promote the identification of parties that may be involved in financing terrorism or money laundering. We must also comply with sanctions programs administered by the U.S. Department of Treasury's Office of Foreign Asset Control, which may include prohibitions on transactions with designated individuals and entities and with individuals and entities from certain countries.

Anti-money laundering laws outside the United States contain certain similar provisions. The obligation of financial institutions, including us, to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures and controls which have increased, and may continue to increase, our costs. Any failure with respect to our programs in this area could subject us to serious regulatory consequences, including substantial fines, and potentially other liabilities.

Effective October 17, 2008, the SEC adopted the "naked" short selling anti-fraud rule, which makes it a violation of the Exchange Act for a person to sell a security short and (i) deceive a broker-dealer as to its intent or ability to deliver the security on or before the settlement date, and (ii) fail to deliver the security on or before the settlement date. Effective July 31, 2009, the SEC adopted Rule 204 of Regulation SHO under the Exchange Act, which imposes a firm delivery requirement for long and short equity sales. The Company has implemented procedures and conducted employee training to ensure compliance with the new regulations.

Rigorous legal and compliance analysis of our businesses and investments is important to our culture and risk management. In addition, disclosure controls and procedures and internal controls over financial reporting are documented, tested and assessed for design and operating effectiveness in compliance with the U.S. Sarbanes-Oxley Act of 2002. We strive to maintain a culture of compliance through the use of policies and procedures such as oversight compliance, codes of conduct, compliance systems, communication of compliance guidance and employee education and training. Our enterprise risk management function further analyzes our business, investment, and other key risks, reinforcing their importance in our environment. We have a compliance group that monitors our compliance with all of the regulatory requirements to which we are subject and manages our compliance policies and

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procedures. Our General Counsel supervises our compliance group, which is responsible for addressing all regulatory and compliance matters that affect our activities. Our compliance policies and procedures address a variety of regulatory and compliance risks such as the handling of material non-public information, position reporting, personal securities trading, valuation of investments on a fund-specific basis, document retention, potential conflicts of interest and the allocation of investment opportunities. Our compliance group also monitors the information barriers that we maintain between each of our different businesses. We believe that our various businesses' access to the intellectual knowledge and contacts and relationships that reside throughout our firm benefits all of our businesses. However, in order to maximize that access without compromising our compliance with the legal and contractual obligations to which we are subject, our compliance group oversees and monitors the communications between or among our firm's different businesses to facilitate regulatory compliance.

Our Facilities

Our main offices, all of which are leased, are located in New York City, Boston, San Francisco and London. Our corporate headquarters are located at 599 Lexington Avenue, New York, New York, comprise approximately 72,000 square feet of leased space, pursuant to a lease agreement expiring in 2022, and is operated primarily for use by our Alternative Investment Management segment. We also lease approximately 109,619 square feet of space at 1221 Avenue of the Americas, New York, New York pursuant to a sublease agreement expiring in 2013 and 38,217 square feet of space at Two International Place in Boston pursuant to a lease agreement expiring in 2014, both of which are used primarily by our Investment Banking Segment. In San Francisco, we lease approximately 29,072 square feet of space at 555 California Street, pursuant to a lease agreement expiring in 2015 and used by our Investment Banking segment. Our London offices are located at 10 Bruton Street and Broadgate West Phase II, 1 Snowden Street, are subject to lease agreements expiring in 2011 and 2012, and are used by our Alternative Investment Management and Investment Banking segments, respectively. Our other offices, all of which are leased, are located in Atlanta, Chicago, Cleveland, Dallas, Stamford, Geneva, Munich, Purchase (New York), Luxembourg, Munich, Tokyo, Hong Kong, Beijing and Shanghai.

Legal Proceedings

We face significant legal risks in our businesses and, in recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have been increasing. These risks include potential liability under federal securities and other laws in connection with securities offerings and other transactions, as well as advice and opinions we provide concerning strategic transactions. In addition, like most financial institutions, we are often the subject of claims made by current and former employees arising out of their employment or termination of employment with us. We are involved in a number of judicial, regulatory and arbitration matters arising in connection with our business including those described below.

Pursuant to Statement of Financial Accounting Standards (which we refer to as SFAS) No. 5, *Accounting for Contingencies*, we review the need for any loss contingency reserves, and we have established reserves for certain of these matters that we believe are adequate where, in the opinion of management, the likelihood of liability is probable and the extent of such liability is reasonably estimable. In addition, in connection with the Cowen Holdings's IPO, Cowen Holdings entered into an indemnification agreement (which we refer to as the Indemnification Agreement) with SG, wherein SG agreed to indemnify Cowen Holdings for all liability arising out of all known, pending or threatened litigation and arbitrations and certain specified regulatory matters that existed at the time of the Cowen Holdings IPO. The Indemnification Agreement provides that SG will indemnify Cowen Holdings for all known or unknown liabilities, including litigation and related matters, arising from any business conducted by SG or previously conducted by Cowen Holdings to the extent that such business was not part of the businesses conducted by Cowen Holdings at the time of the Cowen Holdings IPO. The liabilities for which SG will indemnify Cowen Holdings include the costs of legal fees and related expenses incurred in connection with the indemnified matters as well as any settlements or awards. Under the Indemnification Agreement, Cowen Holdings has agreed to indemnify SG for all claims made after the Cowen Holdings IPO to the extent they relate to the businesses conducted by Cowen Holdings at the time of the Cowen Holdings IPO and were not known or threatened at the time of the Cowen Holdings IPO. All of the Company's material pending legal proceedings are described below. Certain of these material proceedings, along with certain other immaterial known, pending or threatened litigations and arbitrations, are subject to indemnification by SG under the Indemnification Agreement as indicated below.

In re: Initial Public Offering Securities Litigation

Cowen and Company is one of many financial institutions named as a defendant in a number of putative securities class actions entitled *In re: Initial Public Offering Securities Litigation*, filed in the United States District Court for the Southern District of New York ("SDNY") relating to numerous initial and other public offerings of common stock from approximately 1998 through 2000. The various complaints allege that the underwriters of certain IPOs, including Cowen and Company, made material misrepresentations and omissions to purchasers of the stock sold in the IPOs, thereby inflating the value of the stock. Specifically, the plaintiffs allege that the defendants failed to disclose, among other things, the purported existence of improper tie-in and compensation arrangements they had with certain purchasers of the stock and alleged conflicts of interest relating to research published by the underwriters, all in violation of federal securities laws. The district court granted plaintiffs' motion to certify six "focus" cases as class actions. Cowen and Company is a named defendant in four of these "focus" cases. Cowen and Company appealed the class certification decision to the Second Circuit Court of Appeals (the "Second Circuit") and on December 4, 2006, the Second Circuit reversed the SDNY's decision and remanded the matter for reconsideration in light of the Second Circuit's opinion. Plaintiffs petitioned for rehearing and rehearing en banc by the Second Circuit. On December 14, 2006, the SDNY stayed discovery in the consolidated banc. On April 6, 2007, the Second Circuit denied plaintiffs' petition for rehearing en banc. Plaintiffs amended their complaints and revised their class definitions in an attempt to comply with the Second Circuit's December 4, 2006 decision. Defendants in the six focus cases, including Cowen and Company, moved to dismiss the amended complaints in each case and opposed plaintiffs' motion for class certification. On March 26, 2008, the SDNY denied defendants' motion to dismiss the amended complaints. On October 3, 2008, plaintiffs withdrew their motion for class certification without prejudice. On April 2, 2009, counsel for plaintiffs filed a Motion for Preliminary Approval of Settlement with the SDNY. On June 10, 2009, the SDNY granted plaintiffs' Motion for Preliminary Approval of Settlement and, on June 11, 2009, issued a Preliminary Order in Connection with Settlement Proceedings. On October 5, 2009, the SDNY issued a final order approving the settlement. On October 23, 2009, certain class members filed with the Second Circuit a petition to appeal the SDNY's Class Certification Order. Separately, certain other class members filed appeals with the Second Circuit of the SDNY's final order approving the settlement. To the extent that Cowen Holdings incurs legal fees, costs or expenses related to this settlement, it will be indemnified by SG.

Adelphia Communications Corp. Litigation

Cowen and Company is a named defendant in several litigations relating to Adelphia Communications, a cable company that filed for bankruptcy in June 2002. The complaints generally allege that the Rigas family, who controlled Adelphia, took advantage of Adelphia's assets, including through the use of certain loans, or "co-borrowing facilities," that allowed the family to take more than $3 billion for their private use. Cowen and Company has been named as a defendant in four actions arising out of certain offerings of Adelphia securities in which Cowen and Company participated as a member of the underwriting syndicate. All four actions are pending before the SDNY. The complaints

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in each of these actions raise a variety of claims arising out of the sale of Adelphia securities, including claims under the federal securities laws.

These actions are generally referred to as the "Adelphia Securities Class Action," "W.R. Huff Asset Management" (or "Huff"), "Appaloosa" and "Stocke." The SDNY granted Cowen and Company's motion to dismiss all federal securities claims brought against Cowen and Company in the Adelphia Securities Class Action. Thereafter, the financial institution defendants reached a settlement with the plaintiffs. On June 15, 2006, the SDNY preliminarily approved the settlement. A fairness hearing was held on November 10, 2006, and the settlement was approved on November 20, 2006. Cowen and Company's share of the settlement is approximately $1.7 million plus interest at 4.37% beginning December 1, 2006 (all of which is covered by the Indemnification Agreement). In November 2006, this amount was placed in an attorneys' escrow account bearing the required rate of interest. On December 8, 2006, a group of class members appealed the order approving the settlement agreement with the class plaintiffs to the Second Circuit. The SDNY also has granted in part, and denied in part, certain motions to dismiss filed by various defendants, including Cowen and Company, in Huff, Appaloosa and Stocke. On April 7, 2008, the Stocke action was dismissed by stipulation and order following a ruling by the Second Circuit that affirmed in all respects Judge McKenna's approval of the class settlement, which ruling is now final. Accordingly, the claims made by all class members who did not opt out, including the Stocke plaintiffs, have been dismissed and released.

In addition, in August 2005, the SDNY denied Cowen and Company's motion to dismiss based on Huff's lack of standing, and subsequently granted leave to file an interlocutory appeal to the Second Circuit of that ruling. The Second Circuit granted Cowen and Company's petition to appeal under 28 U.S.C. § 1292. In December 2008, the Second Circuit held that Huff lacks standing to pursue the claims it had asserted, and remanded the case to Judge McKenna. In January 2009, Judge McKenna issued an order dismissing the Huff case. Huff subsequently moved to vacate the dismissal order, which was denied, and for reconsideration, which also was denied. Thereafter, Huff moved to (among other things) amend the complaint in an effort to overcome the effect of the Second Circuit's ruling. On May 21, 2009, Judge McKenna of the SDNY issued an opinion and order granting plaintiff Huff leave to amend the complaint to add the actual purchasers of the securities, but in addition, granted defendants leave to serve discovery regarding the identity of those purchasers and the circumstances under which Huff was purportedly prosecuting claims on their behalf. In addition to the cases in which Cowen and Company has been named as a defendant, Cowen and Company may also face potential liability pursuant to the applicable master agreements among underwriters for any judgments or settlements in other cases involving the Adelphia securities offerings in which Cowen and Company participated. To the extent that Cowen Holdings incurs additional legal fees or pays any fine or monetary sanction, it will be indemnified by SG.

Cowen and Company was also one of many defendants in two related adversary proceedings that originally were filed in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). These adversary proceedings were filed by the Official Committee of Unsecured Creditors (the "Creditors' Committee") and the Official Committee of Equity Security Holders (collectively, the "Committees"). Both of these cases raised a variety of common law and federal claims, which were generally similar to the claims asserted in the Adelphia cases described above. With respect to Cowen and Company and other investment banks, the complaints taken together originally set forth claims for violation of the Bank Holding Company Act, equitable disallowance or equitable subordination, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, aiding and abetting fraud, gross negligence and breach of contract, among others. Cowen and Company filed motions to dismiss the claims asserted by the Committees, which were granted in part and denied in part, by the Bankruptcy Court in two decisions issued on June 11, 2007 and August 17, 2007, respectively. Cowen and Company appealed to the SDNY those portions of the Bankruptcy Court's June 11, 2007 decision that denied Cowen and Company's motion to dismiss the claims asserted against

Cowen and Company by the Creditors' Committee. On January 17, 2008, the SDNY denied Cowen and Company's appeal and affirmed, in part, the June 11, 2007 decision, with the exception of the Bank Holding Company Act claim which was dismissed against Cowen and Company and the other investment banks.

As part of the bankruptcy plan confirmation process, claims by both Committees were assigned to a litigation trust. In October 2007, the trust filed an amended complaint in the SDNY against multiple defendants, including Cowen Holdings, in which it repleaded several of its claims, including, without limitation, the following claims: aiding and abetting fraud; fraudulent concealment; fraud; equitable disallowance; equitable subordination; and violation of the Bank Holding Company Act. On January 4, 2008, Cowen and Company filed an answer to the amended complaint and a joinder to a motion filed by certain investment banks seeking a dismissal of several counts in the amended complaint. On June 17, 2008, the SDNY issued an Opinion and Order dismissing certain claims contained in the amended complaint, including, without limitation, the equitable disallowance and equitable subordination claims. On May 4, 2009, the SDNY issued an opinion that resolved the pending motions to dismiss portions of the amended complaint filed by the litigation trust. In its decision, the SDNY dismissed the fraudulent concealment claim and the fraud claim as to certain alleged misstatements. The court denied the motions to dismiss the remaining claims. The litigation trust has appealed the June 17, 2008 Opinion and Order issued by the SDNY, which appeal is currently pending before the Second Circuit. To the extent that Cowen Holdings incurs additional legal fees or pays any fine or monetary sanction, it will be indemnified by SG.

In re: HealthSouth Corporation Bondholder Litigation

Cowen and Company has been named as a defendant in a purported class action filed in the United States District Court for the Northern District of Alabama on January 8, 2004 as a result of Cowen and Company's predecessor's involvement as one of the initial purchasers in a March 1998 private placement of debt securities issued by HealthSouth Corporation, which were subsequently exchanged for materially identical registered securities. The complaint alleges that the offering materials for the private placement and the registration statement in the associated offering violated federal securities laws by failing to disclose HealthSouth's subsequently revealed accounting irregularities. On June 8, 2006, the District Court, among other things, dismissed the claims arising out of the March 1998 private placement (the only claims against Cowen and Company). On August 21, 2006, following plaintiffs' subsequent submission of amendments to the complaint, the District Court so-ordered a stipulation and order dismissing all amended counts against Cowen and Company. The dismissal is not yet a "final" judgment from which an appeal may be taken by plaintiffs. To the extent that Cowen Holdings incurs additional legal fees or pays any fine or monetary sanction, it will be indemnified by SG.

Madden Litigation

On June 28, 2006, a group of approximately 60 medical doctors filed a lawsuit against Cowen and Company in San Francisco Superior Court. Plaintiffs allege that Cowen and Company negligently rendered a fairness opinion in 1998 in connection with the acquisition of Orange Coast Managed Care Services and St. Joseph Medical Corporation by FPA Medical Management, Inc. ("FPA"). According to the complaint, plaintiffs received restricted FPA stock as consideration in the sale and, shortly after the acquisition, FPA went bankrupt, rendering the stock worthless. On August 14, 2006, Cowen and Company removed the case to the United States District Court for the Northern District of California (the "NDCA"). On August 17, 2006 Cowen and Company filed a motion to dismiss the complaint. Plaintiffs sought a remand to state court. On March 18, 2007, the Court granted Cowen and Company's motion to dismiss, with leave to replead, and denied plaintiffs' move to remand. By stipulation and order dated April 20, 2007, the Court directed entry of a final judgment dismissing the complaint with prejudice. On May 17, 2007, plaintiffs filed with the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"), a Notice of Appeal of the District Court's dismissal. On February 11, 2009, the Ninth Circuit issued an opinion vacating the NDCA's judgment and remanding the matter back to state court. On March 4, 2009, Cowen and Company filed with the Ninth Circuit a petition for panel rehearing and suggestion for rehearing en banc. On August 7, 2009, the Ninth Circuit issued an opinion denying Cowen and Company's petition for rehearing and rehearing en banc, but also superseding the February 11, 2009 opinion and remanding the matter back to the NDCA to determine whether the case should be dismissed or remanded to state court. To the extent that Cowen Holdings incurs additional legal fees or pays any fine or monetary sanction, it will be indemnified by SG.

WorldSpace Litigation

Cowen and Company is named as an underwriter defendant in several putative securities class actions brought in the SDNY in 2007. In all of the cases brought to date, plaintiffs seek to recover for losses allegedly caused by misrepresentations and omissions in connection with the August 4, 2005 IPO of WorldSpace, Inc., a satellite-radio provider. The complaints allege that the WorldSpace prospectus referenced a subscriber count that improperly included subscribers who had stopped paying for the service and failed to disclose that WorldSpace lacked the internal systems necessary to accurately determine the number of subscribers to its service. On June 21, 2007, the SDNY issued an order consolidating the actions and appointing a lead plaintiff. The consolidated amended complaint was filed on August 9, 2007. On October 9, 2007, Cowen and Company filed a motion to dismiss the consolidated amended complaint which was denied by the SDNY on July 21, 2008. On August 25, 2008, Cowen and Company filed an answer to the consolidated amended complaint. On October 17, 2008, WorldSpace filed for Chapter 11 bankruptcy protection with the United States Bankruptcy Court for the District of Delaware. On October 20, 2009, the SDNY continued a stay of the litigation in light of the ongoing WorldSpace bankruptcy proceedings.

China Sunergy Litigation

Cowen and Company is named as one of several underwriter defendants in two cases filed in the SDNY in 2007. Plaintiffs in both cases seek to recover for losses allegedly caused by misrepresentations and omissions in the prospectus relating to the May 17, 2007 IPO of China Sunergy Co. Ltd ("China Sunergy"). Principally, the complaints allege that China Sunergy's prospectus failed to disclose that China Sunergy was having difficulty obtaining sufficient raw materials to achieve its revenue objectives, and also failed to disclose that China Sunergy would likely face a loss in the second quarter of 2007. On September 29, 2008, the SDNY appointed a lead plaintiff. On December 5, 2008, the lead plaintiff filed a consolidated amended complaint, and on January 26, 2009, defendants filed a motion to dismiss that complaint. On October 16, 2009, the plaintiffs filed a Stipulation and Agreement of Settlement with the SDNY, which is pending approval by the court.

BigBand Litigation

Cowen and Company is one of five underwriter defendants that was named in putative securities class actions filed during 2007 in the NDCA (collectively, the "Federal Securities Actions") and the Superior Court for the State of California, County of San Francisco (the "State Securities Action") relating to the March 15, 2007 IPO of BigBand Networks, Inc ("BigBand"). The complaints in each of these actions set forth claims under the federal securities laws and alleged generally, among other things, that BigBand's registration statement and prospectus contained material misrepresentations or omissions with respect to BigBand's growth plan, projections and internal controls. Defendants removed the State Securities Action to the NDCA, pursuant to a notice of removal filed on January 2, 2008. Plaintiffs moved to remand that action back to the Superior Court for the State of California and on June 16, 2008, the NDCA granted that motion. Thereafter, all defendants moved to stay the State

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Securities Action pending resolution of the Federal Securities Actions, and on August 11, 2008, the Superior Court for the State of California granted defendants' motion. On October 27, 2009, plaintiffs in the State Securities Action filed a request for a voluntary dismissal of that action, which was approved by the court on the same date.

On May 30, 2008, after the Federal Securities Actions were consolidated and a lead plaintiff was appointed, plaintiffs in the Federal Securities Actions filed a Consolidated Amended Complaint. On August 8, 2008, Cowen and Company filed a motion to dismiss the consolidated amended complaint. On April 6, 2009, prior to the motion being determined by the NDCA, plaintiffs filed with the NDCA a motion for preliminary approval of settlement. On September 18, 2009, the NDCA issued a final order approving the settlement.

On May 7, 2009, Cowen and Company, along with several other underwriters, was named as a defendant in an amended complaint filed in connection with a previously pending derivative action against BigBand's officers and directors in the Superior Court of the State of California, County of San Mateo. The amended complaint alleged, among other things, that the underwriter defendants aided and abetted purported breaches of fiduciary duty by BigBand's officers and directors and that the underwriters breached fiduciary duties in connection with alleged insider selling and misappropriation of information. The amended complaint also contained related equitable claims for unjust enrichment, contribution and indemnification. On August 18, 2009, the court sustained BigBand's demurrer to the amended complaint and granted plaintiff leave to amend. On September 8, 2009, plaintiffs in the derivative action filed a Stipulation of Dismissal with Prejudice. The court approved the Stipulation and dismissed the case with prejudice as to the named plaintiff on September 23, 2009.

Opnext Litigation

Cowen and Company is one of five underwriters named as defendants in two cases filed in March 2008 in the DNJ, relating to the February 14, 2007 IPO of Opnext, Inc. ("Opnext"). Both complaints assert claims against the underwriters under federal securities laws and allege generally that the financial statements in the registration statement and prospectus contained materially false and misleading statements and omissions, which resulted in the financial statements being restated by Opnext due to an error in the valuation of inventory consigned to one of its contract manufacturers. On June 30, 2008, the DNJ appointed a lead plaintiff, and on July 30, 2008, the lead plaintiff filed a consolidated class action complaint. The underwriter defendants filed an answer and affirmative defenses to the consolidated complaint on October 21, 2008. On January 30, 2009, the DNJ entered an order referring the matter to non-binding mediation and staying any further discovery in the litigation until April 30, 2009. On October 2, 2009, plaintiffs filed a motion for preliminary approval of settlement and, on October 6, 2009, the DNJ issued an order preliminarily approving the settlement and scheduling a fairness hearing for January 6, 2010.

Global Cash Litigation

On August 18, 2008, Cowen and Company was named as a defendant, along with several other underwriters, in a consolidated complaint filed in the SDNY relating to the September 22, 2005 initial public offering and subsequent secondary offering of Global Cash Access Holdings, Inc. ("GCA") common stock. The consolidated complaint alleges generally that the registration statements and prospectuses for the GCA IPO and secondary offering were false and misleading and failed to disclose, among other things, that GCA incorrectly calculated the amount of commissions payable to GCA's customers and that GCA's financial statements understated the company's expenses and overstated net income for 2005 and 2006. On September 18, 2008, the SDNY granted a motion made by certain defendants to transfer venue of the case to the United States District Court for the District of Nevada ("DNV"). On November 14, 2008, the underwriter defendants moved to dismiss the consolidated amended complaint. On June 23, 2009, the DNV heard oral argument on defendants' motion to dismiss the consolidated amended complaint, and on June 29, 2009, the DNV issued an order denying that motion. The defendants filed an answer to the consolidated amended complaint on July 29, 2009. Pretrial discovery in the matter is underway and, pursuant to a scheduling order entered by the DNV, will continue until March 26, 2010. On October 23, 2009, plaintiffs filed a motion for class certification. The underwriter defendants' filed an opposition to that motion on November 20, 2009.

Lehman Brothers

Certain of the hedge funds managed by Ramius used Lehman Brothers International (Europe) (which we refer to as LBIE) as one of their prime brokers and some of these funds also held assets through accounts at Lehman Brothers, Inc. (which we refer to as LBI). As a result of LBIE being placed into administration on September 15, 2008 by order of the English Court and LBI entering liquidation proceedings under the Securities Investor Protection Act of 1970, as amended, the assets, including securities and cash, held by Ramius and the hedge funds in their LBIE accounts and LBI accounts were frozen at LBIE and LBI, respectively.

The net assets of the Ramius hedge funds held at LBIE at the time of administration, which Ramius refers to as the total net equity claim, were approximately $232.6 million. Given the great degree of uncertainty as to the status of the assets held at LBIE and the process and prospects of the return of those assets, Ramius has valued the total net equity claim at an 80% discount, or approximately $46.5 million, which Ramius believes is a reasonable estimate of value that ultimately may be recovered with respect to the total net equity claim. Since the status and ultimate resolution of the assets under LBIE's administration proceedings is uncertain, Ramius decided that only the investors who were invested at the time of the administration should participate in any profit/loss relating to the estimated recoverable Lehman claim. As such, Ramius has segregated the Lehman claims for the benefit of such investors for so long as they remain in the funds. These segregated Lehman claims do not earn management fees.

In November 2008, one of the hedge funds managed by Ramius was appointed as a member of the unsecured creditors' committee of LBIE and representatives of Ramius have been attending regular meetings of the creditors' committee and assisting in working on solutions to provide a framework for returning assets to clients.

In addition, Ramius currently estimates that the combined net exposure of the hedge funds to LBI amounts to approximately $18.7 million in cash and securities. On September 19, 2008, LBI was placed in a Securities Investor Protection Corporation ("SIPC") liquidation proceeding after the filing for bankruptcy of its parent Lehman Brothers Holdings, Inc. The status of the assets under LBI's bankruptcy proceedings has not been determined. The amount that will ultimately be recovered from LBI will depend on the amount of assets available in the fund of customer property to be established by the trustee appointed under the Securities Investor Protection Act (the "SIPA Trustee") as approved by the bankruptcy court as well as the total amount of customer claims that seek recovery from the fund of customer property. Based on recent court filings by the SIPA Trustee, the total amount of customer claims exceeds the assets that are likely to be in the fund of customer property. In addition, the court filings also indicate that Barclays plc has submitted a substantial claim against LBI relating to the asset purchase agreement entered into by Barclays with LBIE near the time of the SIPC liquidation proceeding that could affect the amount of assets that are included in the fund of customer property. As a result of these uncertainties and the timing of any distributions from LBI in respect of our customer claims, Ramius estimated its recovery with respect to our LBI exposure at 65%, which represents the present value of the mid point between what it believes are reasonable estimates of the low side and high side potential recovery rates with respect to its LBI exposure. The estimated recoverable amount by the Ramius hedge funds may differ from the actual recoverable amount of the pending LBI claim, and the differences may be material.

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As a result of Ramius being an investor in Enterprise and due to Ramius's additional direct exposure to LBIE, Ramius had a total exposure to LBIE of $12.94 million and a total exposure to LBI of $1.64 million, as of September 30, 2009. At September 30, 2009, the value of Ramius's exposure to LBIE and LBI after the mark downs discussed above, was $3.65 million.

Regulatory Inquiries and Investigations

In addition to the civil litigation matters described above, we are also involved in a number of regulatory inquiries and investigations, which are not covered by the Indemnification Agreement. The most significant regulatory matters are as follows:

Cowen and Company has provided various data and information to the NASD (now known as FINRA) in response to its request for information as part of an industry-wide "sweep" relating to gifts, gratuities and entertainment policies, practices and procedures. On July 31, 2008, Cowen and Company received a Cautionary Action letter from FINRA indicating that it found certain deficiencies during its review but did not intend to take any disciplinary action against Cowen and Company. In addition, Cowen and Company has also received a subpoena for documents and information from the SEC, and additional requests for information from FINRA, seeking information concerning, among other things, gifts, gratuities and entertainment and the use of one of Cowen and Company's error accounts primarily involving an unaffiliated mutual fund company. In the fourth quarter of 2007, FINRA requested additional documentation, including emails, from Cowen and Company, took sworn testimony from certain of Cowen and Company's current and former employees, and engaged Cowen and Company in discussions regarding the scope and conduct of the investigation relating to the use of error accounts. FINRA's review of the error accounts is continuing and we are cooperating fully with the ongoing investigation.

On May 29, 2009, the Division of Enforcement of the New York Stock Exchange ("NYSE") sent a letter to Cowen and Company stating that it was commencing an investigation into certain alleged violations of NYSE order handling rules identified during an examination of Cowen and Company by the SEC's Office of Compliance Inspections and Examinations. Cowen and Company is cooperating fully with the investigation.

On June 9, 2009, the Office of the United States Trustee for the District of Delaware sent a letter to Cowen and Company requesting informal discovery relating to Cowen and Company's retention as financial advisor to a debtor corporation involved in a Chapter 11 bankruptcy proceeding pending before the United States Bankruptcy Court for the District of Delaware. Cowen and Company has fully responded to the requests from the U.S. Trustee and has not received any further inquiries.

On July 13, 2009, FINRA sent written notification to Ramius that it intends to recommend an enforcement action against Ramius's broker-dealer subsidiary, referred to as Ramius Securities, pertaining to finder's fees which were paid by another party in connection with certain transactions executed by Ramius Securities' former securities lending business in 2003 and 2004, in violation of marketplace rules. Ramius is cooperating fully with this FINRA investigation.

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BOARD AND MANAGEMENT OF COWEN GROUP

Executive Officers and Directors

Set forth below is certain information about our directors and executive officers as of November 23, 2009.

Name	Age	Position
Peter A. Cohen	63	Chief Executive Officer and President, Chairman of the Board of Directors
Jules B. Kroll	68	Director
David M. Malcolm	62	Chief Executive Officer and President of Cowen and Company, LLC, Director
Jerome S. Markowitz	69	Director
Jack H. Nusbaum	68	Director
L. Thomas Richards, M.D.	40	Director
Edoardo Spezzotti	56	Director
John E. Toffolon, Jr.	58	Director
Charles W.B. Wardell, III	64	Director
Joseph R. Wright	70	Director
Morgan B. Stark	70	Chief Executive Officer and President of Ramius LLC, member of the Company's Executive and Operating Committees
Thomas W. Strauss	67	Chief Executive Officer and President of Ramius Alternative Solutions, member of the Company's Executive and Operating Committees
Stephen A. Lasota	46	Chief Financial Officer
Marran H. Ogilvie	41	Chief of Staff
Jeffrey M. Solomon	43	Chief Strategy Officer and Chairman of the Investment Committee
Christopher A. White	44	Chief Operating Officer

Peter A. Cohen. Mr. Cohen serves as Chairman of Cowen Group's Board of Directors and Chief Executive Officer of Cowen Group. Mr. Cohen is a founding principal of RCG. From November 1992 to May 1994, Mr. Cohen was Vice Chairman and a director of Republic New York Corporation, as well as a member of its executive management committee. Mr. Cohen was also Chairman of Republic's subsidiary, Republic New York Securities Corporation. Mr. Cohen was Chairman of the Board and Chief Executive Officer of Shearson Lehman Brothers from 1983 to 1990. Over his career, Mr. Cohen has served on a number of corporate, industry and philanthropic boards, including the New York Stock Exchange, The Federal Reserve International Capital Markets Advisory Committee, The Depository Trust Company, The American Express Company, Olivetti SpA, Telecom Italia SpA, Kroll, Inc. and L-3 Communications. He is presently a Trustee of Mount Sinai Medical Center and Vice Chairman of the Board of Directors of Scientific Games Corporation.

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Jules B. Kroll. Mr. Kroll serves as a director of Cowen Group. Mr. Kroll is Chairman of the Board of John Jay College Foundation. Since 2008, Mr. Kroll has been the President of JEMKroll Group, a family consultancy. Mr. Kroll has also been a member of the advisory board of Metalmark Capital Partners, a private equity firm, since 2007. Mr. Kroll founded Kroll Inc. in 1972, where he served as the Chairman of the Board of Directors and Chief Executive Officer until its acquisition by Marsh & McLennan Company in 2004. Following the acquisition of Kroll Inc., Mr. Kroll served as the Vice Chairman of Marsh Inc. and as a member of Marsh McLennan International Advisory Board until his retirement from those positions in 2008. Mr. Kroll is a former Chairman of the Board of the Georgetown Law Center.

David M. Malcolm. Mr. Malcolm serves as a director of Cowen Group and as Chief Executive Officer and President of Cowen and Company, LLC, Cowen Group's broker-dealer subsidiary. Mr. Malcolm was previously President and Chief Executive Officer of Cowen Holdings and has been serving in this position since March 4, 2008. Mr. Malcolm has also served as Chairman, Chief Executive Officer and President of Cowen and Company since March 4, 2008. Mr. Malcolm previously served as Cowen Holding's Executive Vice Chairman from October 2006. From 2001 through 2006, Mr. Malcolm served as Head of Investment Banking. He joined Cowen Holdings in 2000 as Chairman of the Executive Committee from Société Générale, where he served as Head of Leveraged Finance. Prior to joining Société Générale in 1996, Mr. Malcolm was a Senior Managing Director at Bear Stearns. Mr. Malcolm also served as a Managing Partner of Anthem Partners, L.P., an advisory investment banking boutique. Prior to that, Mr. Malcolm was a Managing Director of The First Boston Corporation, where he founded and ran the High Yield Finance Group.

Jerome S. Markowitz. Mr. Markowitz serves as a director of Cowen Group. Mr. Markowitz has been a Senior Partner at Conifer Securities LLC, a boutique servicing the operational needs of investment managers, since 2006. From 1998 to 2006, Mr. Markowitz was actively involved in managing a private investment portfolio. Prior to 1998, Mr. Markowitz was Managing Director and a member of the executive committee at Montgomery Securities and was responsible for starting their private client, high yield, equity derivatives and prime brokerage divisions. Prior to joining Montgomery, Mr. Markowitz was a Managing Director of L.F. Rothschild's Institutional Equity Department. Mr. Markowitz is a director and serves on the audit committee of Market Axess Inc., and also formerly served on the advisory board of Thomas Weisel Partners Group, Inc.

Jack H. Nusbaum. Mr. Nusbaum serves as a director of Cowen Group. Mr. Nusbaum is Chairman of the New York law firm of Willkie Farr & Gallagher LLP and has been a partner in that firm for more than thirty years. Willkie Farr & Gallagher LLP is outside counsel to Cowen Group. Mr. Nusbaum is also a director of W. R. Berkley Corporation.

L. Thomas Richards, M.D. Dr. Richards serves as a director of Cowen Group. Dr. Richards served as a director of Cowen Holdings since September 12, 2006. Dr. Richards is an Emergency Medicine physician who serves on the Clinical Faculty of UCSF Medical Center. Dr. Richards is a 2003 graduate of Harvard Medical School and a graduate of Yale College. Prior to attending medical school in 1999, Dr. Richards was an investment banker in the Mergers & Acquisitions departments of several firms, including Lazard Frères & Co, UBS Securities LLC and Cowen and Company.

Edoardo Spezzotti. Mr. Spezzotti serves as a director of Cowen Group. Mr. Spezzotti has been with the Unicredit Group since 2006 and is a Senior Executive Vice President, member of the Unicredit Group Management Committee and a member of the Corporate and Investment Banking Executive Committee, responsible for the Corporate and Investment Banking Integration. He held the position of Global Head of Markets & Investment Banking Division until its merger with the Corporate Banking Division in March 2009. Mr. Spezzotti is also Chairman of UniCredit CAIB Poland S.A., Vice Chairman of UniCredit Menkul Degerler A.S., Turkey and a member of the Supervisory Board of ZAO UniCredit Bank, Moscow. Prior to joining the UniCredit Group, Mr. Spezzotti was a managing partner

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at Esfin LLP, a corporate finance firm founded in 2004, a position he continues to hold. During his extensive career in finance Mr. Spezzotti has worked at Merrill Lynch and at Goldman Sachs in various senior positions for Italy and for the EMEA region and has advised clients on numerous mergers, acquisitions and capital markets transactions.

John E. Toffolon, Jr. Mr. Toffolon serves as Lead Director of Cowen Group's Board of Directors. Mr. Toffolon served as non-Executive Chairman of Cowen Holdings from July 2008 through the closing of the Transactions. Mr. Toffolon previously served as Cowen Holding's Lead Independent Director from June 2007 until his appointment as Chairman, and has been a member of Cowen Holding's Board of Directors and has served as the Chairman of Cowen Holding's Audit Committee since September 2006. Since May 2009, Mr. Toffolon has served as a member of the Board of Directors and as the Chairman of the audit committee of Westway Group, Inc., a leading global provider of bulk liquid storage services. Previously, Mr. Toffolon, in his capacity as a partner of The Shermen Group, served as the Chief Financial Officer and a member of the Board of Directors of Shermen WSC Acquisition Corp. since August 2006 until the business combination with Westway in May 2009. From 2001 to 2003, Mr. Toffolon served as an advisor to the Chairman and Chief Executive Officer of Royster-Clark, Inc., a privately-held chemicals distribution company. From 1992 to 2000, Mr. Toffolon served in various capacities, including Executive Managing Director, Chief Financial Officer and Chief Administrative Officer for Nomura Holding America, Inc. and Nomura Securities International, Inc. Mr. Toffolon also served as a member of the Boards of Directors of both Nomura companies. From 1979 to 1990, Mr. Toffolon worked at The First Boston Corporation as a Managing Director in various capacities, including Chief Financial Officer and served on the Management and Capital Commitment Committees.

Charles W.B. Wardell, III. Mr. Wardell serves as a director of Cowen Group. Mr. Wardell served as a director of Cowen Holdings since July 2006. Mr. Wardell is the Senior Advisor to the Chief Executive Officer and Chairman of Emerging Markets at Korn/Ferry International. Korn/Ferry International is an executive search firm with more than 70 offices throughout the world. Mr. Wardell has eight years of service with Korn/Ferry. Prior to joining Korn/Ferry, Mr. Wardell held senior positions at a number of firms, including Nordeman Grimm, American Express, Travelers, Mastercard International and Citicorp. Mr. Wardell also served as Deputy Special Assistant and Staff Assistant to Presidents Nixon and Ford, Administrative Aide to General Alexander Haig and Richard Cheney when they served as President Nixon's and Ford's Chief of Staff, respectively, and was appointed by President Ford as a Deputy Assistant Secretary of State. Mr. Wardell graduated from Harvard College and was honorably discharged as an officer in the Army after distinguished service in Vietnam. Mr. Wardell also serves on the Board of General Employment Enterprises.

Joseph R. Wright. Mr. Wright serves as a director of Cowen Group. Mr. Wright has served as Chief Executive Officer of Scientific Games Corporation, a supplier of technology-based products, systems and services to gaming markets worldwide, since January 1, 2009 and has served as Vice Chairman of Scientific Games Corporation's Board of Directors since May 1, 2008, of which he has been a member since 2004. From July 2006 through April 2008, he served as Chairman of Intelsat, Ltd., the world's largest provider of satellite services, and as Chief Executive Officer of PanAmSat Corporation from August 2001 until it was combined with Intelsat in July 2006. Mr. Wright was the Chairman of GRC International, Inc. from 1996 to March 2000 and was an Executive Vice President and Vice Chairman of W.R. Grace & Co. from 1989 to 1994. Mr. Wright was a member of President Reagan's Cabinet, was Director and Deputy Director of the White House Office of Management and Budget from 1982 to 1989 and was Deputy Secretary of the Department of Commerce from 1981 to 1982. He received the Distinguished Citizens Award from President Reagan in 1988. Mr. Wright is a director of Terremark Worldwide, Inc. and Federal Signal Corporation.

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Morgan B. Stark. Mr. Stark serves as Chief Executive Officer and President of Ramius LLC and serves as a member of the Executive and Operating Committees of Cowen Group following the closing of the Transactions. Mr. Stark is a founding member of RCG. From 1979 to 1988, Mr. Stark held senior management positions at Chemical Bank and in 1989 he became President and CEO of Chemical Securities, Inc., a Section 20 securities subsidiary. From 1993 to 1995, Mr. Stark was a portfolio manager and Managing Director with Granite Capital International Group. Mr. Stark is a former Chairman and member of the United States Treasury Borrowing Advisory Committee of the Bond Market Association. He currently serves as a member of the Investors Advisory Committee on Financial Markets for the Federal Reserve Bank of New York. He previously served as President, Vice President and member of the Board of Directors of the Dealer Bank Association. Mr. Stark's philanthropic activities include his positions as a member of the Board of Directors of the Founders Affiliate (Northeast) of the American Heart Association, member of the Investment Committee of the American Heart Association, member of the Board of Directors and Vice President of the Perlman Music Program and Chairman of the Endowment Committee of the Perlman Music Program.

Thomas W. Strauss. Mr. Strauss serves as Chief Executive Officer and President of Ramius Alternative Solutions and serves as a member of the Executive and Operating Committees of Cowen Group. Mr. Strauss is currently a managing member of RCG. From 1963 to 1991, Mr. Strauss was with Salomon Brothers Inc. where he was admitted as a General Partner in 1972 and was appointed to the Executive Committee in 1981. In 1986, he became President of Salomon Brothers and a Vice Chairman and member of the Board of Directors of Salomon Inc., the holding company of Salomon Brothers and Phibro Energy, Inc. In 1993, Mr. Strauss became Co-Chairman of Granite Capital International Group. Mr. Strauss is a former member of the Board of Governors of the American Stock Exchange, the Chicago Mercantile Exchange, the Public Securities Association, the Securities Industry Association, the Federal Reserve International Capital Markets Advisory Committee and the U.S. Japan Business-Council. He is a past President of the Association of Primary Dealers in U.S. Government Securities. Mr. Strauss currently serves on the Board of Trustees of the U.S.-Japan Foundation and is a member of the Board of Trustees and Executive Committee of Mount Sinai Medical Center and Mount Sinai-NYU Health System.

Stephen A. Lasota. Mr. Lasota serves as Chief Financial Officer of Cowen Group. Mr. Lasota was appointed Chief Financial Officer in November 2009. Following the consummation of the Transactions, Mr. Lasota was the Chief Financial Officer of Ramius LLC and a Managing Director of the Company. Mr. Lasota began working at RCG in November 2004 as the Director of Tax and was appointed Chief Financial Officer in May 2007. Prior to joining RCG, Mr. Lasota was a Senior Manager at PricewaterhouseCoopers LLP. Mr. Lasota has been working in the accounting industry for over twenty years and is a Certified Public Accountant.

Christopher A. White. Mr. White serves as the Chief Operating Officer and as a member of the Operating Committee of Cowen Group. In November 2009, Mr. White served as the Chief Financial Officer of Cowen Group. Mr. White served as the Vice President of Cowen Holdings since its formation in February 2006 and was a member of the operating committee and Office of the Chief Executive. Mr. White served as Chief of Staff of Cowen and Company and its predecessor entities from December 2005 and as Chief Administrative Officer of Cowen and Company and its predecessor entities from June 2006 to November 2009. Mr. White served as a member of SG Capital Partners, the Merchant Banking Division of Cowen and Company, from 2003 to December 2005. Prior to joining the Merchant Banking Division, Mr. White was in the Equity Capital Markets Group of Cowen and Company. Prior to joining Cowen in 1999, Mr. White worked at Salomon Smith Barney in the Equity Capital Markets Group. In addition, Mr. White has seven years experience as a practicing securities and mergers and acquisitions lawyer. Mr. White serves as a Director of Coleman Properties, LLC.

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Jeffrey M. Solomon. Mr. Solomon serves as Chief Strategy Officer, Chairman of the Investment Committee and as a member of the Operating Committee of Cowen Group, and is a Managing Member of RCG. Mr. Solomon joined Ramius when it was founded in 1994. From 1991 to 1994, Mr. Solomon was at Republic New York Securities Corporation, the brokerage affiliate of Republic National Bank (now part of the HSBC Group), where he served as Chief Administrative Officer, Head of Corporate Development and Strategic Planning. Prior to joining Republic, Mr. Solomon was in the Mergers and Acquisitions Group at Shearson Lehman Brothers. Currently, Mr. Solomon serves on the Boards of Directors of Hale & Hearty Soups, NuGo Nutrition and Tollgrade Communications, Inc. Mr. Solomon also serves on the Technical Advisory Group of the Committee on Capital Markets Regulation.

Marran H. Ogilvie. Ms. Ogilvie serves as Chief of Staff and as a member of the Operating Committee of the Company. Ms. Ogilvie joined RCG in 1994 and served as its General Counsel from 1997 to 2008. Ms. Ogilvie served as Chief Operating Officer of RCG from 2007 until November 2009. In addition, she is a member of the American Bar Association and the New York State Bar Association.

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CORPORATE GOVERNANCE

Composition of the Cowen Group Board of Directors

Of the individuals currently serving on the board of directors of Cowen Group, the following members have been determined by Cowen Group's board of directors to be independent in accordance with applicable NASDAQ corporate governance rules and not to have a material relationship with Cowen Group which would impair their independence from management or otherwise compromise their ability to act as an independent director: Jules B. Kroll, Jerome S. Markowitz, Jack H. Nusbaum, L. Thomas Richards, M.D., John E. Toffolon, Jr. and Charles W.B. Wardell, III.

In addition, BA Alpine Holdings, Inc. (a third party investor in RCG) has the right to designate one of the six individuals appointed by RCG for nomination to the Cowen Group board of directors, currently Mr. Spezzotti, so long as certain of its affiliates own more than 4.9% of the outstanding common stock of Cowen Group (including shares held by RCG that are attributable to BA Alpine Holdings, Inc.) throughout any consecutive ninety-day period. Cowen Group has agreed to nominate the BA Alpine Holdings, Inc. designee as part of the slate of directors proposed by Cowen Group in connection with any vote to elect the board of directors of Cowen Group, and RCG has agreed to vote all of the shares of our Class A common stock that it holds in favor of the election of such nominee.

See the section titled "Board and Management of Cowen Group" for more information on the individuals who serve on the board of directors of Cowen Group.

Classification of the Cowen Group Board of Directors

Cowen Group has one class of directors.

Committees of the Cowen Group Board of Directors

The Cowen Group board of directors has three standing committees: (a) an audit committee, (b) a compensation committee and (c) a nominating and corporate governance committee.

The following directors currently serve as members of the Cowen Group audit committee: Jerome S. Markowitz, L. Thomas Richards, M.D., John E. Toffolon, Jr. and Charles W.B. Wardell, III.

The following directors currently serve as members of the Cowen Group compensation committee: Jules B. Kroll, Jerome S. Markowitz, Edoardo Spezzotti, John E. Toffolon, Jr. and Charles W.B. Wardell, III.

The following directors currently serve as members of the Cowen Group nominating and corporate governance committee: Jules B. Kroll, Jack H. Nusbaum, L. Thomas Richards, M.D. and Edoardo Spezzotti.

Unless and until BA Alpine Holdings, Inc. and its affiliates beneficially own, in the aggregate, less than 10% of the common stock of Cowen Group (including shares held by RCG that are attributable to BA Alpine Holdings, Inc.) throughout any consecutive ninety-day period following the closing of the Transactions, Cowen Group is obligated to use its reasonable best efforts to cause the director designated by BA Alpine Holdings, Inc. to be a member of each such committee.

Solely for the purpose of including Mr. Spezzotti, the director designated by BA Alpine Holdings, Inc., as a member of each of the compensation committee and the nominating and governance committee, Cowen Group has elected to be treated as a "controlled company" for purposes of NASDAQ Rule 5615(c)(2). Under this rule, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company" and is exempt from certain corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers

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be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended for selection by a majority of the independent directors or by a nominating committee composed solely of independent directors. Even though Cowen Group is treated as a "controlled company," a majority of its board of directors consists of independent directors and each member of each of the compensation committee and the nominating and governance committee other than the director designated by BA Alpine Holdings, Inc. is independent.

Director Compensation

It has been proposed that outside director compensation be $125,000 per annum per director, payable 50% in cash and 50% in shares of our Class A common stock. Committee chairman compensation is proposed to be $7,000 per annum. This proposal remains under consideration by the Compensation Committee of Cowen Group.

Director Resignation; Removal; Vacancies

Under the Cowen Group amended and restated certificate of incorporation, a director may resign his office at any time, and any director may be removed from office with or without cause at any time by the affirmative vote of stockholders holding at least a majority of the outstanding shares of Cowen Group stock entitled to vote in an election of directors, given at a meeting of stockholders at which directors are elected or at a special meeting of the stockholders.

Under the Cowen Group amended and restated certificate of incorporation, vacancies on the Cowen Group board of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, even if fewer than a quorum, or by a sole remaining director.

Other Agreements with BA Alpine Holdings, Inc.

Until BA Alpine Holdings, Inc. and its affiliates no longer beneficially own any shares of Cowen Group common stock, RCG has agreed with BA Alpine Holdings, Inc. (1) not to vote the shares of Cowen Group common stock held by RCG in favor of an amendment to the terms of the Cowen Group Class B common stock without the prior consent of BA Alpine Holdings, Inc. and (2) to vote the shares of Cowen Group common stock held by RCG as directed by BA Alpine Holdings, Inc. with respect to an amendment to the terms of Cowen Group's certificate of incorporation or by-laws which is intended to discriminate against BA Alpine Holdings relative to the other members of RCG.

Until November 2, 2011, each of RCG, its managing member and certain RCG members who are also principals of RCG (some of whom are also members of RCG's managing member and some of whom will be officers of Cowen Group following the closing of the Transactions) has agreed with BA Alpine Holdings, Inc. not to engage in any transaction with Cowen Group or any of its controlled affiliates without the prior consent of BA Alpine Holdings, Inc., subject to certain exceptions.

Vacancies on the Cowen Group Board of Directors

Vacancies on the Cowen Group board of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, although fewer than a quorum.

Matters Relating to Cowen Group Stockholders

Special Meetings of Cowen Group Stockholders

Special meetings of Cowen Group stockholders may be called by the Chairman of the Cowen Group board of directors, by the President, or by a majority of the board of directors at any time in office.

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Action without a Meeting

No action may be taken by Cowen Group stockholders without a meeting, and Cowen Group stockholders may not act by written consent.

Advance Notice Requirement for Stockholder Proposals

In order for nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to Cowen Group's Corporate Secretary.

To be timely, a stockholder's notice of business must be delivered to Cowen Group's Corporate Secretary at the principal executive offices of Cowen Group:

- not less than ninety nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; or

- if the date of the annual meeting is changed by more than thirty days from such anniversary date, notice by the stockholder to be timely must be delivered to or mailed and received at the principal executive offices of Cowen Group no later than the close of business on the tenth day following the earlier of (i) the date on which notice of the date of the meeting was mailed and (ii) the date on which public disclosure of the meeting date was made.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Compensation Committee Interlocks and Insider Participation

Peter A. Cohen currently serves on the compensation committee of Scientific Games Corporation, whose current chief executive officer, Joseph R. Wright, serves as a director of Cowen Group.

Transactions with Related Persons

Side-by-Side Investments

To the extent permissible by applicable law, our principals and certain eligible employees, as well as such individuals' immediate family members and other investors they refer to us, have historically been permitted to invest their own capital either directly in, or in side-by-side investments with, our alternative investment management funds. Side-by-side investments are investments in assets substantially similar to the investments of the applicable fund. Direct investment in, or side-by-side investments with, our funds by such individuals are generally made on the same terms and conditions as the investments made by other third-party investors in the funds, except that such investments are subject to discounted management and performance fees. Certain Company employees who are eligible to make such investments will be permitted to invest their own capital either directly in, or in side-by-side investments with, our funds on the same terms currently available to our employees.

Cowen Healthcare Royalty Partners

In connection with Mr. Malcolm's election as President and Chief Executive Officer of Cowen Holdings, he received the right to purchase 6.25% of the general partner of the first fund managed by Cowen Healthcare Royalty Partners. Mr. Malcolm purchased this interest in March 2008.

Employment Arrangements

Andrew Cohen, the son of Peter A. Cohen, is a Director of Ramius, and earned in 2008 approximately $450,000 in cash, as well as $100,000 in phantom REOP awards (as described below). Mason Stark, the son of Morgan B. Stark, is a Managing Director of Ramius, and earned in 2008 $492,000 in cash, as well as $150,000 in equity REOP awards (as described below). The REOP awards of both Andrew Cohen and Mason Stark earned in 2008 have fully vested. In addition, each of Andrew Cohen and Mason Stark received Transaction REOP in RCG (which corresponds to 57,189 shares and 45,751 shares, respectively, of our Class A common stock).

Real Estate

The Company makes certain office systems and space available at a monthly rate of approximately $16,800 to JEMKroll Group, a family consultancy owned and operated by Jules B. Kroll.

Review and Approval of Transactions with Related Persons

To minimize actual and perceived conflicts of interests, it is anticipated that our board of directors will adopt a written policy governing transactions in which the Company is a participant, the aggregate amount involved is reasonably expected to exceed $120,000, and any of the following persons has or may have a direct or indirect material interest in the transaction: (a) our executive officers, directors (including nominees) and certain other highly compensated employees, (b) stockholders who own more than 5% of our common stock, and (c) any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law or person (other than a tenant or employee) sharing the same household of any person described in (a) or (b) above. These transactions will be considered "related person transactions."

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Unless exempted from such policy as described below, the policy will require that related person transactions must be reported to our General Counsel, Deputy General Counsel or Chief Compliance Officer who will then submit the related person transaction for review by our Audit Committee. The Audit Committee will review all relevant information available to it and will approve or ratify only those related person transactions that it determines are not inconsistent with the best interests of the Company. If our General Counsel, Deputy General Counsel or Chief Compliance Officer determines that advance approval of a related person transaction is not practicable under the circumstances, the Audit Committee will review, and, in its discretion, may ratify the related person transaction at its next meeting, or at the next meeting following the date that the related person transaction comes to the attention of our General Counsel, Deputy General Counsel or Chief Compliance Officer. However, the General Counsel, Deputy General Counsel or Chief Compliance Officer may present a related person transaction that arises between Audit Committee meetings to the Chair of the Audit Committee, who will review and may approve the related person transaction, subject to the Audit Committee's ratification at its next meeting.

It is anticipated that any related person transaction previously approved by the Audit Committee or otherwise already existing that is ongoing will be reviewed annually by the Audit Committee to ensure that such transaction has been conducted in accordance with the previous approval granted by the Audit Committee, if any, and that all required disclosures regarding the related person transaction are made.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, the board anticipates it will determine that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of the policy:

- interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, (c) the amount involved in the transaction equals less than the greater of $200,000 or 5% of the annual gross revenues of the company receiving payment under the transaction;

- a transaction with a significant stockholder, or such stockholder's immediate family members, who has a current Schedule 13G filed with the SEC with respect to such stockholder's ownership of our securities; and

- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The board anticipates the policy will provide that transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in its charter.

COMPENSATION DISCUSSION AND ANALYSIS

As a newly formed company with a limited operating history, our overall compensation philosophy is still being developed by our Compensation Committee in consultation with its outside advisors and management. Among the policies and practices being considered by our Compensation Committee are new equity grants under the two equity incentive plans assumed in connection with the Transactions and the establishment of an annual performance-based bonus plan pursuant to which annual bonuses will be calculated. Before making any new compensation decisions with respect to any executive, the Compensation Committee intends to consider various objective and subjective factors, including, without limitation, obligations under pre-existing employment agreements, the executive's skills and capabilities, the executive's contributions to the management team and overall company performance, and whether the total compensation potential and structure is sufficient to ensure the retention of the executive.

Prior to the completion of the Transactions on November 2, 2009, we did not pay any compensation to any of our executive officers. We entered into employment agreements with several individuals who became our executive officers upon the closing of the Transactions, including our Chief Executive Officer, Peter A. Cohen, and Christopher A. White, who served as our Chief Financial Officer until November 23, 2009, and who now serves as our Chief Operating Officer, and our other executive officers, Morgan B. Stark, Thomas W. Strauss, and David M. Malcolm, which agreements became effective upon the closing of the Transactions. The material terms of the agreements are described below. The material terms of the compensation of Stephen A. Lasota, our Chief Financial Officer since November 23, 2009, who is not party to an employment agreement with the Company, are also described below.

David M. Malcolm and Christopher A. White's Agreements

The Company is party to employment agreements with Messrs. Malcolm and White, formerly employees of Cowen Holdings, which became effective on November 2, 2009, upon the closing of the Transactions. Mr. Malcolm's employment agreement supersedes his previous employment agreement with Cowen Holdings, while Mr. White did not have a preexisting agreement with Cowen Holdings.

The employment agreements provide, among other things, with respect to Mr. Malcolm, that he will be employed as the Chief Executive Officer and President of the Company's Broker-Dealer Subsidiary, and will serve as a member of the Company's Board of Directors and as a member of the Company's Executive Management Committee and Operating Committee, and with respect to Mr. White, that he will be employed as a Managing Director and Chief Operating Officer of the Company and will serve as a member of the Company's Operating Committee. Messrs. Malcolm and White are entitled to annual base salaries of $450,000 and $400,000, respectively, and will be eligible to receive an annual performance-based bonus as determined, with respect to Mr. Malcolm, by the Compensation Committee of the Board of Directors and, with respect to Mr. White, by Mr. Malcolm and the Chief Executive Officer of the Company. Mr. Malcolm is entitled to a guaranteed minimum bonus of $200,000 for each completed calendar year ending during the term of employment.

Under the terms of these employment agreements, Messrs. Malcolm and White waived their rights to accelerated vesting upon completion of the Transactions of their Cowen Holdings equity compensation awards granted prior to the completion of the Transactions. Messrs. Malcolm and White also agreed not to sell any shares held by them as of the completion of the Transactions or received in respect of equity awards granted prior to the completion of the Transactions until the one-year anniversary of the Transactions, with exceptions for qualifying terminations of their employment, a change in control of the Company and the payment of taxes. Mr. Malcolm also waived his rights to severance under his previous employment agreement with Cowen Holdings, which would have entitled him to a $5 million change in control severance payment and a lump sum payment of $2.25 million in respect of senior advisor fees in connection with a qualifying termination of his employment following completion of the Transactions.

Under the terms of his employment agreement, Mr. Malcolm received a cash payment of $1.5 million and a restricted equity grant of 288,832 shares of the Company's Class A common stock upon the completion of the Transactions, in lieu of any change in control related payments under his previous employment agreement with Cowen Holdings. The restricted equity grant will vest in two equal installments on each of the second and third anniversaries of the completion of the Transactions, subject to earlier vesting if Mr. Malcolm is terminated under specified circumstances or if there is a change in control of the Company. The Company granted Mr. White 115,533 restricted shares of the Company's Class A common stock upon completion of the Transactions, with the same vesting and other terms as those described above for Mr. Malcolm.

If Mr. Malcolm's or Mr. White's employment is terminated by the Company without "cause" or by the executive with "good reason," the executive will be entitled to the following:

- specified accrued obligations;
- vesting of his equity compensation awards and exercisability of any stock options for the remainder of their terms; and
- with respect to Mr. Malcolm, a cash payment equal to the sum of $2.25 million, his prior year's base salary and the cash portion of his prior year's bonus, as well as vesting of his interest in Cowen Healthcare Royalty Partners consistent with the terms of his previous employment agreement with Cowen Holdings.

Mr. Malcolm's cash severance payments are subject to his signing and not revoking a separation and release agreement.

Mr. Malcolm's employment agreement retains the senior advisor provisions from his previous employment agreement with Cowen Holdings, except that he may not retire prior to the date in the first quarter of 2012 on which 2011 annual bonuses are paid. Accordingly, if Mr. Malcolm terminates his full-time employment due to his retirement, he would serve as a senior advisor to the Company for a three-year term, at an annual base salary of $750,000, and the Company would provide him, his spouse and his dependents with health and medical benefits during this three-year term (to the extent permitted by the terms of the applicable plans). Provided that Mr. Malcolm complies with the covenant not to compete to which he will be subject while a senior advisor, any unvested equity awards held by Mr. Malcolm will continue to vest in accordance with their terms. In addition, in the event of a change in control of the Company while Mr. Malcolm is a senior advisor, he would generally be entitled to receive a lump-sum cash payment equal to the unpaid balance of his base salary for the remainder of the three-year term.

Messrs. Malcolm and White have agreed to abide by an ongoing confidentiality obligation to not solicit customers and employees while they are employed by the Company and for one year after their employment with the Company ends, and to not compete during the term of their employment with the Company. In addition, if Mr. Malcolm becomes a senior advisor as described above, he would be subject to a similar agreement not to solicit while employed as a senior advisor and for two years after he is no longer employed as a senior advisor and a similar agreement not to compete while employed as a senior advisor and for one year after he is no longer employed as a senior advisor.

Stephen A. Lasota's Compensation

Mr. Lasota was appointed to serve as the Chief Financial Officer of the Company in November 2009. Prior to this appointment, Mr. Lasota served as Chief Financial Officer of RCG. Mr. Lasota, who is not currently party to an employment agreement with the Company, will receive a base salary of

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$300,000. In connection with the Transactions, Mr. Lasota received a special grant of Transaction REOP equity interests in RCG (which corresponds to 34,313 shares of the Company's Class A common stock), which will vest in two equal installments on each of the second and third anniversaries of the completion of the Transactions, subject to earlier vesting in the event of certain qualifying terminations of employment or a change in control of the Company.

Peter A. Cohen, Morgan B. Stark and Thomas W. Strauss' Agreements

The Company is party to employment letter agreements with Messrs. Cohen, Stark, and Strauss, each of whom is a member of RCG's managing member, C4S & Co., LLC (which we refer to as C4S) and a former employee of RCG, which became effective on November 2, 2009, upon the closing of the Transactions. Mr. Strauss' employment agreement supersedes his previous employment agreement with RCG, while Messrs. Cohen and Stark did not have preexisting agreements with RCG. The material terms of the agreements are as follows:

Mr. Cohen's Agreement. Mr. Cohen's agreement provides that he will serve as the Chairman and Chief Executive Officer of the Company. During the term of his employment, Mr. Cohen will be entitled to an annual base salary of $500,000 and an annual performance-based bonus of no less than $250,000 for each completed calendar year ending during the term of employment. In the event that Mr. Cohen's employment is terminated for any reason other than cause or by reason of his death or disability, or if he resigns for good reason (with cause, disability, and good reason each being defined in his agreement), he will be entitled to the following: (i) accrued obligations (earned but unpaid base salary and annual bonus), (ii) a lump sum cash payment equal to two times the sum of his base salary plus his annual bonus for the year in which termination occurs, (iii) immediate vesting of outstanding equity awards and (iv) all outstanding stock options will remain exercisable for the remainder of their respective terms (we refer to the benefits described in clauses (iii) and (iv) as the Equity Benefits). In the event Mr. Cohen is terminated due to his death or disability, he or his estate will be entitled to the accrued obligations and the Equity Benefits. Mr. Cohen's agreement subjects him to non-competition and non-solicitation obligations while he is employed, and non-solicitation obligations for one year following a termination of employment for any reason.

Mr. Stark's Agreement. Mr. Stark's agreement provides that he will serve as the Chief Executive Officer and President of the Company's Hedge Fund Subsidiary. The material terms of Mr. Stark's agreement, including those relating to compensation, severance, and restrictive covenants, are identical to those contained in Mr. Cohen's agreement, except that if Mr. Stark is terminated for any reason other than cause or by reason of his death or disability, or if he resigns for good reason (with cause, disability, and good reason each being defined in his agreement), he will also be entitled to an additional cash payment equal to $1.5 million. In addition, Mr. Stark's agreement provides that if he retires on or after December 31, 2010, he will be employed by the Company as a Senior Advisor beginning on the date of his retirement and for three years thereafter, which employment will be governed by a Senior Advisor Agreement. The Senior Advisor Agreement entitles Mr. Stark to an annual base salary of $750,000 and continued vesting of his equity awards and provides that if the Company undergoes a change in control (as defined in the Senior Advisor Agreement) during the term of Mr. Stark's employment as a senior advisor, he will be entitled to a lump sum cash payment equal to the unpaid balance of his base salary for the remainder of the three-year term of his employment. The Senior Advisor Agreement subjects Mr. Stark to non-solicitation obligations during the term of his employment and for two years thereafter, and non-competition obligations during the term of his employment and for one year thereafter.

Mr. Strauss's Agreement. Mr. Strauss's agreement provides that he will serve as the Chief Executive Officer and President of Ramius Fund of Funds Group LLC. During the term of his employment, Mr. Strauss will be entitled to an annual base salary of $450,000 and an annual performance-based bonus of no less than $500,000 for each completed year ending during the term of employment. Mr. Strauss is also eligible to participate in the RAPP program, which is described in more detail in the section titled "Management's Analysis of Financial Condition and Results of Operations of the Company Changes in Connection with the Transactions Employee Ownership Program". In the event that Mr. Strauss is terminated for any reason other than cause or by reason of his death or disability, or if he resigns for good reason (with cause, disability, and good reason each being defined in his agreement) he will be entitled to the following: (i) accrued obligations, (ii) a lump sum cash payment equal to two times the greater of (A) the sum of his base salary plus his annual bonus for the year in which termination occurs and (B) the value of his RAPP program award for the year prior to the year in which termination occurs and (iii) the Equity Benefits. In the event Mr. Strauss is terminated due to his death or disability, he or his estate will be entitled to the accrued obligations and the Equity Benefits. The restrictive covenants contained in Mr. Strauss's agreement are identical to those contained in Mr. Cohen's and Mr. Stark's agreements.

Equity Awards. On November 2, 2009, in connection with the completion of the Transactions, Messrs. Cohen, Stark, and Strauss received, respectively, special grants of 423,195, 423,195 and 263,067 Series IV equity interests in RCG, which will generally vest in two equal installments on each of the second and third anniversaries of the completion of the Transactions, subject to earlier vesting in the event of certain qualifying terminations of employment or a change in control of the Company. These grants were awarded to Messrs. Cohen, Stark, and Strauss to reflect the overall change in structure of their compensation packages from equity holders of RCG to employees of the Company and represent the right to receive distributions of Company common stock pursuant to the provisions of RCG's operating agreement.

Other Compensation Information

The following discussion sets forth a description of the compensation earned with respect to services performed in 2008 by our executive officers for their former employers and predecessors to our business, RCG and Cowen Holdings. The compensation described in this section is not an indication of amounts that such executives may earn from us with respect to future services, which will be earned pursuant to their employment agreements and any other benefits plans or arrangements that we implement as part of our overall compensation program, in each case as described above.

Compensation Earned by Former RCG Executives

RCG had sought to align the interests of its owners with those of the investors in RCG products. As such, Messrs. Cohen, Stark, and Strauss did not historically receive any salary or bonus as employees of RCG; rather, through their ownership interests in RCG, they were entitled to receive distributions that were based on the annual profitability of RCG. In addition, in lieu of a salary, Messrs. Cohen and Stark historically received guaranteed payments in respect of their ownership interests in RCG in amounts determined to be appropriate collectively by the managing members of C4S. In 2005, Ramius Fund of Funds Group LLC entered into an employment agreement with Mr. Strauss to better align his compensation with the business of Ramius Fund of Funds Group LLC, specifically, and he ceased being compensated exclusively in connection with his ownership interest in C4S. Pursuant to his employment agreement and as Chief Executive Officer of Ramius Fund of Funds Group LLC, Mr. Strauss received a fixed salary in the form of a draw against distributions relating to his ownership of RCG; however, a substantial portion of Mr. Strauss's total compensation was based on the net profits of Ramius Fund of Funds Group LLC through the grant of interests under the RAPP program.

RCG did not have a compensation committee. Historically, all compensation determinations relating to Messrs. Cohen, Stark, and Strauss, including allocations of distributions in respect of their

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ownership of RCG through their ownership of C4S, which is entitled to receive 35% of the net profits of RCG, were made collectively by the managing members of C4S.

The following table shows information regarding the compensation earned during the fiscal year ended December 31, 2008, Messrs. Cohen, Stark and Strauss.

Name and Principal Position	Year	Salary ($)	Equity Awards ($)	All Other Compensation[1] ($)	Total[2] ($)
Peter A. Cohen Managing Member	2008			$ 143,632	$ 143,632
Morgan B. Stark Managing Member	2008			$ 75,869	$ 75,869
Thomas W. Strauss Managing Member and Chief Executive Officer of Ramius Fund of Funds Group LLC	2008	$ 603,638(3)	$ 706,672(4)	$ 85,658	$ 1,395,968

(1) The amounts shown in the "All Other Compensation" column are attributable to perquisites and other personal benefits or compensation not reported elsewhere in the table. Perquisites in 2008 for each of Messrs. Cohen, Stark and Strauss included a company match under the 401(k) plan as well as company-provided group term life and long-term disability insurance. Additionally, Mr. Cohen was reimbursed $33,240 for tax and financial planning expenses reimbursed by Ramius as well as $88,578 representing 60% of the total cost of a car and driver provided to him for his personal use. Mr. Stark was reimbursed $53,506 for tax and financial planning expenses reimbursed by Ramius, and Mr. Strauss was reimbursed $63,295 representing 50% of the total cost of a car and driver provided to him for his personal use. The cars and drivers used by Messrs. Cohen and Strauss for personal use were available for use by RCG personnel at other times for business purposes.

(2) Other than the "All Other Compensation" disclosed above, neither Mr. Cohen nor Mr. Stark historically received any compensation from RCG, and each had been compensated primarily in the form of the increased value of his respective ownership interests in RCG and C4S and distributions with respect to such interests. In 2008, Messrs. Cohen and Stark received guaranteed payments with respect to their respective ownership interests in RCG and C4S equal to $537,028 and $499,522, respectively, which amounts were less than prior years' guaranteed payment, to reflect economic performance during such year.

(3) Mr. Strauss's employment agreement with Ramius Fund of Funds Group LLC entitled him to an annual base salary of $650,000 and a minimum annual bonus of $500,000. Due to the financial underperformance of Ramius Fund of Funds Group LLC, Mr. Strauss agreed to forego his minimum bonus in respect of RCG's 2008 fiscal year and receive a reduced base salary for 2008.

(4) This amount represents the dollar amount recognized during 2008 for financial statement reporting purposes in accordance with SFAS 123-R in respect of the interests in which Mr. Strauss vested in 2008 pursuant to RAPP interests awarded to him prior to 2008.

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The following table sets forth the outstanding RCG equity awards held by Messrs. Cohen, Stark and Strauss as of December 31, 2008.

Name	Number of Units That Have Not Vested (#)	Market Value of Units That Have Not Vested ($)
Peter A. Cohen		
Morgan B. Stark		
Thomas W. Strauss		$ 686,383(1)

(1) The amount in this column represents the market value as of December 31, 2008, of the portion of Mr. Strauss's unvested RAPP interests that represent equity units of RCG, which are denominated by reference to dollar value, not number of units. These interests vested in full upon the closing of the Transactions.

The following table sets forth information relating to the vesting of unvested RCG equity interests held by Messrs. Cohen, Stark and Strauss during 2008.

Name	Number of Units Acquired on Vesting (#)	Value Realized on Vesting ($)
Peter A. Cohen		
Morgan B. Stark		
Thomas W. Strauss		$ 706,672(1)

(1) The amount in this column represents the value realized by Mr. Strauss in respect of the portion of his RAPP interests earned in prior years that vested in 2008 that represent equity units of RCG, which are denominated by reference to dollar value, not number of units. This amount is also disclosed as having been earned by Mr. Strauss in 2008 in the Equity Awards column of the table above.

The following table sets forth information relating to the accumulated pension benefits for Messrs. Cohen, Stark, and Strauss in the Ramius LLC Cash Balance Plan as of December 31, 2008.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Peter A. Cohen	Ramius LLC Cash Balance Plan	3	$ 534,856	
Morgan B. Stark	Ramius LLC Cash Balance Plan	3	$ 629,243	
Thomas W. Strauss	Ramius LLC Cash Balance Plan	3	$ 597,781	

Ramius maintained the Ramius LLC Cash Balance Plan, pursuant to which participants received an annual contribution credit (based on age and "tier" of participation) and an annual interest credit (based on 30-Year Treasury Bills) on the balances in their respective accounts. Based on their respective ages, the plan accounts for Messrs. Cohen, Stark and Strauss were credited in 2008 with contributions of $170,000, $200,000 and $190,000, respectively. Participants were able to elect payments in the form of a lump sum distribution or among several annuity options. All participants were 100% vested in their account balances at all times. A participant in the plan was entitled to receive his accumulated benefits upon any separation from service.

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The following table shows information regarding nonqualified deferred compensation earned but not received by Messrs. Cohen, Stark, and Strauss as of December 31, 2008.

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)
Peter A. Cohen					
Morgan B. Stark					
Thomas W. Strauss			$ (439,535)(1)	$ 706,672(2)	$ 620,815(3)

(1) The amount in this column represents the notional earnings (or losses) during 2008 on the portion of Mr. Strauss's RAPP interests that represents a nominal investment in RCG fund of funds products.

(2) The amount in this column represents the amount distributed to Mr. Strauss in 2008 in respect of that portion of his RAPP interests that vested during 2008 that represents a nominal investment in RCG fund of funds products.

(3) The amount in this column represents the aggregate value of that portion of Mr. Strauss's outstanding RAPP interests that represents a nominal investment in RCG fund of funds products.

Potential Payments Upon a Termination or Change in Control

For information relating to amounts to which Mr. Cohen, Mr. Stark, or Mr. Strauss will be entitled upon certain termination events or a change in control, please see the discussion above relating to their current employment agreements with the Company.

Compensation Earned by Former Cowen Holdings Executives

Messrs. Malcolm and White were members the Office of the Chief Executive of Cowen Holdings, or the OCE, as of December 31, 2008. Subject to the oversight of the Cowen Holdings Board of Directors, the OCE was responsible for establishing policies and procedures regarding overall corporate decisions, including investment decisions, legal, regulatory and compliance matters, insurance coverage, human resources and administration and tax matters. In addition, the OCE set general compensation policies, determines our financing requirements, objectives and principles, and considers, where appropriate, acquisitions, dispositions and other significant transactions.

Compensation Philosophy and Objectives

Historically, Cowen Holdings sought to maintain a ratio of compensation and benefit expense to revenues in an amount between 58% and 60%, excluding expense associated with the initial grant of restricted stock and options in connection with Cowen Holdings' initial public offering in 2006. Market conditions deteriorated throughout 2008, and Cowen Holdings' revenues likewise suffered as the capital raising portion of Cowen Holdings' revenue base was effectively eliminated. Based on performance in 2008, Cowen Holdings elected to accrue compensation at 62% of revenues, excluding expense associated with the initial grant of equity in connection with the initial public offering. The success of Cowen Holdings' business was based largely on the quality of its employees, and Cowen Holdings sought to continually monitor the market for their services and seek to offer competitive compensation. Cowen Holdings sought to maintain compensation levels within a target range; however, Cowen Holdings believed it was in its stockholders' best interest to attempt to minimize employee turnover as a result of paying below market compensation. As a result, Cowen Holdings in the past reviewed its compensation to revenue ratio on a quarterly basis.

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Cowen Holdings' compensation program, including compensation of Messrs. Malcolm and White, was designed to achieve three objectives:

Pay for Performance. A significant portion of the total compensation paid to Messrs. Malcolm and White was variable. The amount of compensation paid was determined based on: (i) the performance of Cowen Holdings on an absolute basis through a comparison of its results to competitor firms; (ii) an evaluation of each executive's contribution to Cowen Holdings; and (iii) his performance against individualized qualitative goals.

Align Executive Officers' Interests with Stockholders' Interests. Cowen Holdings believed that deferred compensation aligned the interests of its executive officers with those of its stockholders and ensured that its employees were focused on the long-term performance of Cowen Holdings. In 2008, Cowen Holdings paid certain employees a portion of their year-end bonus in the form of deferred cash and/or deferred equity awards subject to service-based vesting requirements. In connection with fiscal 2008 bonus payments, most employees earning at least $300,000 in total compensation for the year received a portion of their bonus in deferred cash or deferred equity. Pursuant to the deferred compensation formula approved by the Cowen Holdings Compensation Committee, the percentage of total compensation paid in deferred cash or deferred equity increases as total compensation increases.

Recruiting and Retention. Cowen Holdings operated in an intensely competitive industry, and Cowen Holdings believed that its success was closely related to its recruiting and retention of highly-talented employees and a strong management team. Cowen Holdings tried to keep its compensation program comparable to industry practices so that its could recruit and retain talented executive officers and employees.

Setting Compensation

The Cowen Holdings Compensation Committee was responsible for approving the compensation paid to Messrs. Malcolm and White. Although the Compensation Committee had the authority to approve compensation for these individuals, the Compensation Committee elected to present its compensation recommendations to the full Cowen Holdings Board of Directors for approval as a matter of good corporate governance. At the end of each year, the Compensation Committee would recommend to the Cowen Holdings Board that the Cowen Holdings Board approve the amount of total compensation to be paid to such individuals. In making compensation determinations, the Cowen Holdings Compensation Committee reviewed information presented to them by Cowen Holdings' executive officers, compensation peer group information and the recommendations of a compensation consultant engaged by the Cowen Holdings Committee. The Cowen Holdings Compensation Committee reviewed Cowen Holdings' compensation to revenue ratio on a quarterly basis and would adjust the compensation to revenue ratio in order to maintain Cowen Holdings' compensation philosophy of aligning the interests of its executive officers and its stockholders.

Involvement of Executive Officers

Mr. Malcolm, in consultation with Cowen Holdings' Vice President, General Counsel and employees in its Human Resources department, would assist the Cowen Holdings Compensation Committee with its work. These individuals assisted the Cowen Holdings Compensation Committee by presenting information to the Cowen Holdings Compensation Committee and making recommendations for the Cowen Holdings Compensation Committee's review and consideration. Such information and recommendations would include, among other things, the compensation that should be received by the executive officers and certain other highly compensated employees; performance evaluations; financial information regarding Cowen Holdings that should be reviewed in connection with compensation decisions; the firms to be included in a compensation peer group; and the evaluation and compensation process to be followed by Cowen Holdings' Compensation Committee. Mr. Malcolm would recuse himself from all discussions regarding his compensation recommendations and determinations.

Compensation Peer Group

In making compensation decisions, Cowen Holdings' Compensation Committee reviewed two sets of peer group data. One set of data included a compensation peer group of firms identified by management with which Cowen Holdings competed for executive talent. For 2008, Cowen Holdings' compensation peer group consisted of Greenhill & Co., Inc., Jefferies Group, Inc., JMP Securities, Keefe, Bruyette & Woods, Inc., Knight Capital Group, Lazard LLC, Piper Jaffray & Co., and Thomas Weisel Partners Group, LLC. Management, together with PricewaterhouseCoopers (PWC), the Cowen Holdings Compensation Committee's compensation consultant, gathered and provided information to the Cowen Holdings Compensation Committee relating to the compensation of the executive officers of these peer firms, including annual base salary, annual cash bonus, equity awards and all other compensation. The Cowen Holdings Compensation Committee considered these data when determining Cowen Holdings' 2008 compensation levels to ensure that compensation levels were competitive relative to the compensation paid by the peer group.

The other set of peer group data consisted of external market surveys provided by MGMC, Inc., a compensation advisory firm. These market surveys allowed the Cowen Holdings Compensation Committee to benchmark each executive officer's total compensation against that of certain boutique investment banks and global investment banks. Cowen Holdings used these external market surveys because Cowen Holdings competed with companies of various sizes for executive officers and other senior employees. For 2008, the boutique investment banks included the following firms: BNP Paribas, Dresdner, Jefferies Group, Inc., JMP Securities, Knight Securities, Lazard LLC, Piper Jaffray & Co. and Thomas Weisel Partners Group, LLC. The global investment banks included the following firms: Bank of America, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Lehman Brothers, Merrill Lynch, Morgan Stanley and UBS. Each executive officer's total compensation for each of 2007 and 2006, and his compensation recommendation by management to the Cowen Holdings Compensation Committee for 2008, were compared to: (i) the 2007 average, 25th, 50th and 75th percentile of total compensation of a similarly positioned executive officer at a boutique investment bank; and (ii) the 2007 average, 25th, 50th and 75th percentile of total compensation of an officer with similar functions (but not necessarily the same title) at a global investment bank. The Cowen Holdings Compensation Committee reviewed such composite market data to determine the market median compensation paid to similarly-situated executives. Market data were some of the many factors considered by the Compensation Committee when setting compensation, and the amount paid to each executive officer would be more or less than the composite market median based on the roles and responsibilities of the executive officer, experience level and other factors.

The Impact of 2008 Market Conditions on Compensation Determinations

Although the Cowen Holdings Compensation Committee reviewed the peer group data discussed above to assist with their determinations of appropriate compensation levels for Messrs. Malcolm and White in 2008, the Cowen Holdings Compensation Committee determined that, in light of developments in the financial markets in 2008, the historical data was not as meaningful because it did not reflect the current market environment's impact on peer compensation. Therefore, the Cowen Holdings Compensation Committee's determinations regarding 2008 total compensation were primarily focused on the Company's performance in 2008 and Messrs. Malcolm and White's respective contributions to the franchise during this tumultuous period.

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Compensation Consultant

In 2006, the Cowen Holdings Compensation Committee engaged PWC as a compensation consultant to provide peer group analyses, competitive assessments and advice. At the request of the Cowen Holdings Compensation Committee, PWC reviewed all Cowen Holdings Compensation Committee presentation materials during 2008 and advised the Cowen Holdings Compensation Committee as to the competitiveness of the base salary and bonus recommendations presented by Mr. Malcolm, and the competitiveness of the ultimate compensation levels approved by the Cowen Holdings Board of Directors for Messrs. Malcolm and White.

Compensation Program and Payments

Cowen Holdings' executive compensation consisted of base salary, an annual bonus paid in the form of cash and deferred cash or equity awards and benefits, such as life insurance and other personal benefits.

Base Salary

When making compensation decisions, the Cowen Holdings Compensation Committee would make a determination as to the total compensation an executive officer should receive for that fiscal year, and base salary was a component of that total compensation. The purpose of base salary was to provide a set amount of cash compensation for each executive officer that was not variable in nature and was generally competitive with market practices. Each year the Cowen Holdings Compensation Committee would approve a cap on the aggregate firm-wide dollar amount of base salary increases based on a percentage of the prior year firm-wide base salary level. Historically, Cowen Holdings sought to set the base salaries of Messrs. Malcolm and White such that a significant amount of their total compensation would be derived from their annual bonus. This was consistent with standard practice within the securities industry and Cowen Holdings believed this allowed us to reward performance.

On occasion, Cowen Holdings would adjust Messrs. Malcolm and White's base salaries within the firm-wide base salary cap described above. Cowen Holdings did not adjust salaries for Mr. Malcolm or White in 2008. Each of Messrs. Malcolm and White received a base salary of $250,000.

Annual Bonus

The majority of total compensation received by Messrs. Malcolm and White was paid in the form of an annual bonus. This was consistent with Cowen Holdings' view that a significant portion of compensation paid was to be based on the performance of Cowen Holdings and of each executive officer. In prior years, Cowen Holdings' senior management developed, and the Cowen Holdings Compensation Committee approved, an equity distribution grid that set forth the percentage of total compensation an employee would receive in the form of equity awards, in lieu of, not in addition to, a cash payment. In 2008, senior management recommended the use of deferred cash in addition to restricted stock awards as an additional component of deferred compensation and developed a deferred compensation formula, which set forth a percentage of total compensation an employee will receive in the form of deferred compensation awards in lieu of an immediate cash payment. The deferred component of the annual bonus was subject to vesting schedules as discussed below. The deferred compensation formula was discussed and ultimately approved by the Cowen Holdings Compensation Committee. While conducting this evaluation, the Cowen Holdings Compensation Committee reviewed the practices of its peer companies. For fiscal 2008, the deferred compensation formula was set such that any employee, regardless of title, earning total compensation in excess of $250,000 would, with rare exception, receive a percentage of his compensation over $250,000 in the form of a deferred cash or equity award. According to the deferred compensation formula approved by the Cowen Holdings Compensation Committee, the percentage of total compensation that must be paid in deferred cash or

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equity would increase as total compensation increased. For example, according to the fiscal 2008 deferred compensation formula, an employee earning in excess of $300,000 in total compensation would have received at least 2.5% of his total compensation in the form of a deferred compensation award, while an employee earning over $1 million in total compensation would have received at least 30% of his total compensation in the form of a deferred compensation award.

In determining the distribution of deferred cash versus deferred equity awards, the Cowen Holdings Compensation Committee evaluated the following factors:

- the number of shares of restricted stock or other equity-based awards that would need to be granted to achieve the appropriate dollar amount of equity being awarded to the employee;
- limiting as much as possible the dilution to Cowen Holdings' stockholders associated with the issuance of additional shares at prices below tangible book value; and
- the number of shares of common stock available for grant under Cowen Holdings' 2007 and 2006 Equity and Incentive Plans.

Compensation Determinations and Relevant Factors

When determining the amount of annual bonus to be paid for fiscal 2008, the Cowen Holdings Compensation Committee reviewed and considered the following information:

- the financial performance of Cowen Holdings as a whole and each individual business unit compared to fiscal 2007;
- the financial performance of Cowen Holdings compared to comparable public companies and other companies in the securities industry;
- historical compensation information for each executive officer;
- with respect to Mr. White, performance evaluations prepared by Mr. Malcolm, reflecting his review and peer reviews of Mr. White, which the Cowen Holdings Compensation Committee discussed with Mr. Malcolm;
- recommendations of Mr. Malcolm regarding total compensation of Mr. White, which the Cowen Holdings Compensation Committee discussed with Mr. Malcolm;
- external market surveys of total compensation paid by certain boutique investment banks and global investment banks; and
- base salary, cash bonus, equity awards and all other compensation paid by the compensation peer group.

Mr. Malcolm's 2008 Compensation

When setting fiscal 2008 total compensation for Mr. Malcolm, in addition to the terms of his former employment agreement with Cowen Holdings, the following factors significantly influenced the Cowen Holdings Compensation Committee:

- Mr. Malcolm's compensation was negatively impacted by the overall annual financial performance of Cowen Holdings during fiscal 2008.

Mr. Malcolm's compensation was positively impacted by his leadership of the firm through the transition period caused by Cowen Holdings' former Chief Executive Officer's voluntary resignation.

Mr. Malcolm's compensation was positively impacted by his leadership during the unprecedented market disclocation in 2008 and his contributions to strengthening our existing platform in the

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difficult environment, including through strategic personnel investments and new initiatives, such as:

- contributing to the continued performance of Cowen Holdings' brokerage group;
- strengthening Cowen Holdings' strategic advisory practice, which resulted in increased revenue year-over-year;
- contributing to the establishment and successful closing of Cowen Healthcare Royalty Partners' first fund in August 2008;
- completing the acquisition of Cowen Latitude Capital Group; and
- executing various cost cutting measures, which resulted in a year-over-year reduction in non-compensation expenses (excluding the $50 million non-cash goodwill impairment charge).

Mr. White's Compensation

When setting fiscal 2008 total compensation for Mr. White, the following factors significantly influenced the Cowen Holdings Compensation Committee:

- Mr. White's compensation was negatively impacted by the overall annual financial performance of Cowen Holdings during fiscal 2008.
- Mr. White's compensation was positively impacted by his respective contributions to strengthening our existing platform in the difficult market environment, and otherwise increasing the efficiency of Cowen Holdings, such as:
  - contributing to the establishment and successful closing of Cowen Healthcare Royalty Partners' first fund in August 2008;
  - completing the acquisition of Cowen Latitude Capital Group;
  - executing various cost cutting measures, which resulted in the year-over-year reduction in non-compensation expenses (excluding the $50 million non-cash goodwill impairment charge); and
  - contributing to the successful management transition following Cowen Holdings' former Chief Executive Officer's resignation.

In February 2008, at the recommendation of Cowen Holdings' former Chief Executive Officer, and the Cowen Holdings Compensation Committee, the Cowen Holdings Board of Directors approved a special one-time cash award of $150,000 to Mr. White in connection with his efforts in assisting with the completion of certain strategic initiatives. This award did not impact the Cowen Holdings Compensation Committee's determinations regarding year-end compensation for Mr. White.

Cowen Holdings did not sponsor any non-qualified deferred compensation plans in which either Mr. Malcolm or Mr. White was a participant.

Tax Deductibility under Section 162(m) of the Internal Revenue Code

The Internal Revenue Service, pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction for compensation in excess of $1.0 million paid to Mr. Malcolm or Mr. White. In 2007, Cowen Holdings sought and obtained shareholder approval for the Cowen Holdings 2007 Equity and Incentive Plan. The plan was designed to qualify compensation awarded under our annual incentive program as "performance based" to ensure that the tax deduction was available to Cowen Holdings.

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The following table shows information regarding the compensation earned during the fiscal year ended December 31, 2008, by Messrs. Malcolm and White. No portion of the bonuses paid in restricted stock to Messrs. Malcolm and White for their fiscal 2008 performance is included in this table because such equity awards were made in 2009. The entries in the stock awards column reflect the amount of stock-based compensation recognized in each period relating to restricted stock awarded in respect of prior years performance.

Name & Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)	Total ($)
David M. Malcolm *Chief Executive Officer*	2008	250,000	437,500	1,234,108	233,295		2,154,903
Christopher A. White *Chief of Staff and Chief Administrative Officer*	2008	250,000	335,000	169,834	30,908	150,000(4)	935,742

(1) The amounts in this column reflect cash bonuses paid to Messrs. Malcolm and White for fiscal 2008 performance. For 2008, the amount of cash bonus for Messrs. Malcolm and White was determined by inputting each named executive officer's total compensation for the fiscal year into the deferred compensation formula. For 2008, bonuses for Messrs. Malcolm and White were entirely discretionary. Messrs. Malcolm and White received a deferred cash award on February 2, 2009, which related to 2008 performance. Pursuant to SEC rules for compensation disclosure in proxy statements, the value of a deferred cash award (or a portion thereof) will be reflected in the Bonus column of the Summary Compensation Table in the year in which such deferred cash award or such portion thereof, as applicable, vests.

(2) The entries in the stock awards column reflect the dollar amounts of stock-based compensation recognized for 2008 financial statement reporting purposes in accordance with SFAS 123R, excluding forfeiture assumptions. For Messrs. Malcolm and White, the amounts in 2008 reflect the compensation cost of both the restricted stock awards granted in connection with our initial public offering and the restricted stock awards granted in January 2008 in connection with 2007 compensation. In accordance with SFAS 123R expense recognition provisions, unearned compensation associated with share-based awards with graded vesting periods is expensed on an accelerated basis over the vesting period of the award. Please refer to Note 18 in Cowen Holdings's Audited Financial Statements, attached hereto, for a discussion of the relevant assumptions used to determine the valuation of Cowen Holdings' stock for accounting purposes. Please note that this table does not include restricted stock awards related to fiscal 2008 bonuses since those awards were granted after December 31, 2008.

(3) The entries in the option awards column reflect the dollar amounts of stock-based compensation recognized for 2008 financial statement reporting purposes in accordance with SFAS 123R, excluding forfeiture assumptions. In accordance with SFAS 123R expense recognition provisions, unearned compensation associated with share-based awards with graded vesting periods is expensed on an accelerated basis over the vesting period of the award. Please refer to Note 18 in Cowen Holdings's Audited Financial Statements, attached hereto, for a discussion of the relevant assumptions used to determine the valuation of Cowen Holdings' stock options for accounting purposes.

(4) For fiscal 2008, Mr. White received a special one-time cash award in connection with the completion of certain strategic initiatives.

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The following table provides information regarding grants of plan-based awards made to Messrs. Malcolm and White during fiscal 2008.

	Grant Date	Corporate Action Date	All Other Stock Awards: Number of Shares of Stock or Units (#)(1)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise Price of Option Awards ($)	Grant Date Fair Value of Stock and Option Awards ($)(3)
David M. Malcolm	1/25/2008	12/20/2007	23,326			224,163
Christopher A. White	1/25/2008	12/20/2007	12,350			118,684

(1) Amounts in this column represent January 2008 awards of restricted stock to Messrs. Malcolm and White in connection with 2007 performance.

(2) Cowen Holdings did not award options to Messrs. Malcolm or White in fiscal 2008.

(3) The amounts in this column represent the grant date fair value of the awards in accordance with SFAS 123R, excluding forfeiture assumptions. Refer to Note 18 of the Notes to Consolidated Financial Statements of Cowen Holdings for the fiscal year ended December 31, 2008, attached hereto, for a discussion of the relevant assumptions used to determine the valuation of Cowen Holdings' stock and options for accounting purposes.

The following table contains certain information regarding equity awards held by Messrs. Malcolm and White at December 31, 2008.

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares that have Not Vested (#)	Market Value of Shares that have Not Vested ($)(1)
David M. Malcolm						
IPO Restricted Stock(2)					102,294	650,590
IPO Options(3)	25,847	77,543	16.00	7/12/2013		
January 2007 Restricted Stock Award(4)					21,398	136,091
January 2008 Restricted Stock Award(5)					23,326	148,353
Christopher A. White						
IPO Restricted Stock(2)					19,217	122,220
IPO Options(3)	4,819	14,457	16.00	7/12/2013		
January 2007 Restricted Stock Award(4)					3,514	22,349
January 2008 Restricted Stock Award(5)					12,350	78,546

(1) The values in the column are based on the $6.36 closing price of Cowen Holdings' common stock on the Nasdaq Global Market on December 31, 2008.

(2) Restricted stock awarded on July 12, 2006, in connection with Cowen Holdings' initial public offering will vest with respect to 25% of the shares on each of July 12, 2009 and July 12, 2010, respectively and the remaining 50% on July 12, 2011 provided that the terms and conditions of the applicable award agreements are satisfied.

(3) Options awarded in connection with Cowen Holdings's initial public offering will vest in 25% annual increments commencing on July 12, 2008, the second anniversary of the grant date, in each

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case so long as the award recipient complies with the terms and conditions of the applicable award agreements.

(4)
Restricted stock awarded on January 16, 2007, for 2006 performance will vest with respect to 25% of the shares on each of January 16, 2008 and January 16, 2009, respectively, and the remaining 50% on January 16, 2010, in each case so long as the award recipient complies with the terms and conditions of the applicable award agreements.

(5)
Restricted stock awarded on January 25, 2008, for 2007 performance will vest with respect to 25% of the shares on each of May 15, 2009 and May 15, 2010, respectively and the remaining 50% on May 15, 2011, in each case so long as the award recipient complies with the terms and conditions of the applicable award agreements.

The following table contains certain information regarding the vesting of unvested Cowen Holdings awards held by Messrs. Malcolm and White during 2008.

	Stock Awards	
	Number of Shares Acquired on Vesting (#)	**Value Realized on Vesting ($)[1]**
David M. Malcolm	10,699	98,966
Christopher A. White	1,756	16,243

(1)
The values in the column are based on the $9.25 closing price of Cowen Holdings' common stock on the Nasdaq Global Market on January 16, 2008.

Potential Payments Upon Termination or Change in Control

For information relating to amounts to which Messrs. Malcolm and White will be entitled upon certain termination events or a change in control, please see the discussion above relating to their current employment agreements with the Company.

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DESCRIPTION OF CAPITAL STOCK

The following description of the material terms of the capital stock of Cowen Group includes a summary of specified provisions of Cowen Group's amended and restated certificate of incorporation. This description is subject to the relevant provisions of Delaware law and is qualified by reference to Cowen Group's amended and restated certificate of incorporation, a copy of which is attached as Exhibit 3.1 to this prospectus.

Authorized Capital Stock

Cowen Group is authorized to issue 500,000,000 shares of common stock, which shall consist of 250,000,000 shares of Class A common stock, par value $0.01 per share, and 250,000,000 shares of Class B common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share. Subject to the rights of holders of any outstanding preferred stock, the number of authorized shares of common stock or preferred stock may be increased or decreased by the affirmative vote of the holders of a majority of the shares entitled to vote on such matters, but in no instance can the number of authorized shares be reduced below the number of shares then outstanding.

As of November 23, 2009, Cowen Group has outstanding 56,397,411 shares of Class A common stock and no shares of Class B common stock or preferred stock.

Common Stock

Voting Rights

Each holder of Class A common stock is entitled to one vote per share in connection with the election of directors and on all other matters submitted to a stockholder vote, provided, however, that, except as otherwise required by law, holders of Class A common stock are not entitled to vote on any amendment to Cowen Group's amended and restated certificate of incorporation that relates solely to the terms of one or more outstanding series of Cowen Group preferred stock, if holders of the Cowen Group preferred stock series are entitled to vote on the amendment under Cowen Group's certificate of incorporation or Delaware law. No holder of Class A common stock may cumulate votes in voting for Cowen Group directors.

Each holder of Class B common stock is not entitled to vote except as otherwise provided by law, provided however that Cowen Group must obtain the consent of a majority of the holders of Class B common stock to effect any amendment, alteration or repeal of any provision of the Cowen Group amended and restated certificate of incorporation or amended and restated by-laws that would adversely affect the voting powers, preferences or rights of holders of Class B common stock. Except as otherwise provided by law, Class B common stock shares will not be counted as shares held by stockholders for purposes of determining whether a vote or consent has been approved or given by the requisite percentage of shares.

Stockholders may only take action at an annual or special meeting of stockholders and are not authorized to take action by written consent or electronic transmission.

See the section entitled "Corporate Governance of Cowen Group Other Agreements with BA Alpine Holdings, Inc." for more information regarding certain agreements between RCG and BA Alpine Holdings, Inc. with respect to the voting of the shares of our Class A common stock held by RCG in certain circumstances.

Terms of Conversion

Each share of Class A common stock is convertible at the option of the holder and at no cost into one share of Class B common stock, and each share of Class B common stock is convertible at the option of the holder and at no cost into one share of Class A common stock. The conversion ratios will be adjusted proportionally to reflect any stock split, stock dividend, merger, reorganization, recapitalization or other change in the Class A common stock and Class B common stock. Upon conversion, converted shares resume the status of authorized and unissued shares. The certificate of incorporation of Cowen Group provides for two classes of common stock, and for the convertibility of each class into the other, to provide a mechanism by which holders of Class A common stock of Cowen Group who may be limited in the amount of voting common stock of Cowen Group they can hold pursuant to federal, state or foreign bank laws, to convert their shares into non-voting Class B common stock to prevent being in violation of such laws.

Dividend Rights

Subject to the preferences of the holders of any Cowen Group preferred stock that may be outstanding from time to time, each share of Class A common stock and Class B common stock will have an equal and ratable right to receive dividends and other distributions in cash, property or shares of stock as may be declared by the Cowen Group board of directors out of assets or funds legally available for the payment of dividends and other distributions.

Liquidation Rights

In the event of the liquidation, dissolution or winding up of Cowen Group, subject to the preferences of the holders of any Cowen Group preferred stock that may be outstanding from time to time, holders of Class A common stock and Class B common stock will be entitled to share equally and ratably in the assets available for distribution to Cowen Group stockholders.

Redemption and Sinking Fund

There are no redemption or sinking fund provisions applicable to the Class A or the Class B common stock.

Exchange Listing

Our Class A common stock is currently listed on the NASDAQ Global Market under the symbol "COWND" and as of December 1, 2009 will be listed on the NASDAQ Global Market under the symbol "COWN."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Investor Services.

Certain Transfer Restrictions

Certain shares of our Class A common stock held by RCG and HVB are subject to certain restrictions and limitations on transfer.

Preferred Stock

Cowen Group's amended and restated certificate of incorporation permits Cowen Group to issue up to 10,000,000 shares of Cowen Group preferred stock in one or more series with such designations, titles, voting powers, preferences and rights and such qualifications, limitations and restrictions as may be fixed by the Cowen Group board of directors without any further action by Cowen Group stockholders. The Cowen Group board of directors may increase or decrease the number of shares of any series of preferred stock following the issuance of that series of preferred stock, but in no instance

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can the number of shares of a series of preferred stock be reduced below the number of shares of the series then outstanding.

Stock Incentive and Other Compensation Plans

The Company currently maintains the Cowen Group, Inc. 2007 Equity and Incentive Plan (which we refer to as the 2007 Equity and Incentive Plan) and the Cowen Group, Inc. 2006 Equity and Incentive Plan (which we refer to as the 2006 Equity and Incentive Plan and together with the 2007 Equity and Incentive Plan, the "Equity and Incentive Plans"). Under the Equity and Incentive Plans, the Company has reserved 4,173,568 shares of the Company's Class A common stock (subject to adjustment upon certain corporate events) for issuance to eligible individuals in the form of stock options, stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards or other cash-based awards. The 2006 Equity and Incentive Plan's term is currently scheduled to expire on December 7, 2016, and the 2007 Equity and Incentive Plan's term is currently scheduled to expire on April 16, 2017.

Antitakeover Effects of Delaware Law and Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated certificate of incorporation and amended and restated bylaws provide that special meetings of the stockholders may be called at the exclusive request of the board of directors, of the chairman of the board of directors or the chief executive officer. Our amended and restated certificate of incorporation and amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting at the exclusive request of the board of directors, of the chairman of the board of directors or the chief executive officer. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Our amended and restated bylaws has established advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by the stockholders. Our amended and

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restated bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of our company.

Stockholder Action by Written Consent

Pursuant to Section 228 of the Delaware General Corporation Law, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the company's amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders may be effected at a duly called annual or special meeting of our stockholders and may not be effected by consent in writing or electronic transmission by such stockholders.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates information regarding the beneficial ownership of our common stock before and after the completion of this offering by:

- each person, or group of affiliated persons, who is known by us to own beneficially 5% or more of our Class A common stock or Class B common stock;
- each member of our Board of Directors upon completion of this offering;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Each individual or entity shown on the table has furnished information with respect to beneficial ownership. Except as otherwise indicated below, the address of each entity, officer and director listed below is c/o Cowen Group, Inc., 599 Lexington Avenue, New York, New York 10022.

Except as indicated in the footnotes to this table, each person has sole voting and investment power with respect to all shares attributable to such person.

	Class A Common Stock	Class B Common Stock	% Common Prior to Offering	% Voting Prior to Offering	% Common Following Offering	% Voting Following Offering
5% Stockholders:						
RCG Holdings LLC	37,536,826	0	66.56%	66.56%	52.57%	52.57%
Executive Officers and Directors:						
Peter A. Cohen(1)(2)	37,536,826	0	66.56%	66.56%	52.57%	52.57%
Jules B. Kroll	0	0	*	*	*	*
David M. Malcolm(3)	653,522	0	*	*	*	*
Jerome S. Markowitz(4)	0	0	*	*	*	*
Jack H. Nusbaum	0	0	*	*	*	*
L. Thomas Richards, M.D.	12,734	0	*	*	*	*
Edoardo Spezzotti(5)	0	0	*	*	*	*
John E. Toffolon, Jr.(6)	64,717	0	*	*	*	*
Charles W.B. Wardell, III	11,734	0	*	*	*	*
Joseph R. Wright	0	0	*	*	*	*
Morgan B. Stark(1)(7)	37,536,826	0	66.56%	66.56%	52.57%	52.57%
Thomas W. Strauss(1)(8)	37,536,826	0	66.56%	66.56%	52.57%	52.57%
Stephen A. Lasota(9)	0	0	*	*	*	*
Marran H. Ogilvie(10)	0	0	*	*	*	*
Jeffrey M. Solomon(1)(11)	37,536,826	0	66.56%	66.56%	52.57%	52.57%
Christopher A. White(12)	194,987	0	*	*	*	*
All directors and executive officers as a group (16 persons)	38,474,520	0	68.07%	68.07%	53.89%	53.89%

* corresponds to less than 1% of Cowen Group common stock.

(1)

The number of shares of Class A common stock beneficially owned by Mr. Cohen, Mr. Solomon, Mr. Stark and Mr. Strauss consists of the 37,536,826 shares issued to RCG upon consummation of the Transactions. C4S & Co., L.L.C. ("C4S") is the managing member of RCG and may be considered to be the beneficial owner of any securities deemed to be beneficially owned by RCG. C4S disclaims beneficial ownership of these securities. Mr. Cohen, Mr. Solomon, Mr. Stark and Mr. Strauss are the sole managing members of C4S and may be considered beneficial owners of any securities deemed to be beneficially owned by C4S. Messrs. Cohen, Stark, Strauss and Solomon disclaim beneficial ownership of these securities, except as otherwise expressly described below.

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(2) Mr. Cohen does not disclaim beneficial ownership with respect to the 2,997,813 shares of Class A common stock that are held by RCG and allocated to Mr. Cohen in connection with his ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Mr. Cohen in connection with the Transactions). However, the distribution by RCG of those shares to Mr. Cohen is subject to certain restrictions.

(3) Includes 103,390 shares of Class A common stock underlying options exercisable within 60 days.

(4) Mr. Markowitz has a pecuniary interest in 321,054 shares of Class A common stock that are held by RCG and allocated to Mr. Markowitz in connection with his ownership interest in RCG, but is not deemed to be the beneficial owner of these shares. The distribution by RCG of those shares to Mr. Markowitz is subject to certain restrictions.

(5) Mr. Spezzotti, the designee of BA Alpine Holdings, Inc. and HVB (each of which is a subsidiary of UniCredit Group), is not deemed to be the beneficial owner of (i) the 8,518,685 shares of Class A common stock that are held by RCG and allocated to BA Alpine Holdings, Inc. or (ii) the 2,713,882 shares of Class A common stock that are held by HVB Alternative Advisors LLC.

(6) Includes 10,000 shares of Class A common stock held by family trusts.

(7) Mr. Stark does not disclaim beneficial ownership with respect to the 2,376,924 shares of Class A common stock that are held by RCG and allocated to Mr. Stark in connection with his ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Mr. Stark in connection with the Transactions) and the 58,208 shares of Class A common stock that are held by RCG and allocated to Sidney Stark, Mr. Stark's wife, in connection with her ownership interest in RCG. However, the distribution by RCG of those shares to Mr. and Mrs. Stark is subject to certain restrictions.

(8) Mr. Strauss does not disclaim beneficial ownership with respect to the 1,817,799 shares of Class A common stock that are held by RCG and allocated to Mr. Strauss in connection with his ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Mr. Strauss in connection with the Transactions) and the 1,056,202 shares of our Class A common stock that are held by RCG and allocated to an entity controlled by Mr. Strauss, in connection with its ownership interest in RCG. However, the distribution by RCG of those shares to Mr. Strauss and the entity is subject to certain restrictions.

(9) Mr. Lasota has a pecuniary interest in the 62,690 shares of Class A common stock that are held by RCG and allocated to Mr. Lasota in connection with his ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Mr. Lasota in connection with the Transactions), but is not deemed to be the beneficial owner of these shares. The distribution by RCG of those shares to Mr. Lasota is subject to certain restrictions.

(10) Ms. Ogilvie has a pecuniary interest in the 307,233 shares of Class A common stock that are held by RCG and allocated to Ms. Ogilvie in connection with her ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Ms. Ogilvie in connection with the Transactions), but is not deemed to be the beneficial owner of these shares. The distribution by RCG of those shares to Ms. Ogilvie is subject to certain restrictions.

(11) Mr. Solomon does not disclaim beneficial ownership with respect to the 587,881 shares of Class A common stock that are held by RCG and allocated to Mr. Solomon in connection with his ownership interest in RCG (including shares attributed to unvested REOP interests in RCG granted to Mr. Solomon in connection with the Transactions). However, the distribution by RCG of those shares to Mr. Solomon is subject to certain restrictions.

(12) Includes (i) 19,276 shares of Class A common shares underlying options exercisable within 60 days and (ii) 200 shares of Class A common stock owned by Mr. White's children.

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SHARES ELIGIBLE FOR FUTURE SALE

If our stockholders sell substantial amounts of our Class A common stock, including shares issued upon the exercise of options, in the public market following the offering, the market price of our Class A common stock could decline. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Upon completion of this offering, we will have outstanding 71,397,411 shares of Class A common stock. Shares sold in this offering will be freely tradable without restriction under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act.

Lock-up Agreements

Pursuant to lock-up agreements described under "Underwriting" entered into in connection with this offering, we, our executive officers and directors, RCG entered into lock-up agreements with the underwriters. See "Underwriting No Sales of Similar Securities."

Rule 144

In general, Rule 144 allows a stockholder (or stockholders where shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months (including the holding period of any prior owner other than an affiliate) to sell its shares, subject to the availability of current pubic information about us.

An "affiliate" is a person that directly, or indirectly, through one or more intermediates, controls or is controlled by, or is under common control with us.

Under Rule 144, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least one year, would be entitled to sell those shares without regard to the public information requirement of Rule 144.

Generally, Rule 144 provides that an affiliate who has beneficially owned "restricted" shares for at least six months will be entitled to sell on the open market in brokers' transactions, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock, which will equal approximately 714,000 shares of our Class A common stock immediately after this offering; and

- the average weekly trading volume of the Class A common stock on the open market during the four calendar weeks preceding the filing of notice with respect to such sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and the availability of current public information about our company.

To the extent that our affiliates sell their shares, other than pursuant to Rule 144 or a registration statement, the purchaser's holding period for the purpose of effecting a sale under Rule 144 commences on the date of transfer from the affiliate.

Stock Options

As of November 23, 2009, we had 892,782 outstanding options to purchase shares of Class A common stock, all of which are exercisable. On October 30, 2009, we filed a registration statement on Form S-8 under the Securities Act covering approximately 4,173,568 shares of Class A common stock reserved for issuance under our 2007 and 2006 Equity and Incentive Plans. Please see "Description of

Capital Stock Stock Incentive and Other Compensation Plans" for additional information regarding this plan. Accordingly, shares registered under the registration statement will, subject to Rule 144 provisions applicable to affiliates, be available for sale in the open market, except to the extent that the shares are subject to vesting restrictions and lock-up agreements applicable to these shares.

Transfer Restrictions on Shares of our Common Stock Held by RCG and HVB

Following the consummation of the Transactions, the capital of RCG's members in RCG consists primarily of shares of our Class A common stock. Under RCG's operating agreement, the members of RCG generally will not be entitled to receive any distributions of our Class A common stock or other capital from RCG, and RCG's managing member has agreed in RCG's operating agreement not to make any distributions of our Class A common stock or other capital to these members (except for, in certain circumstances, distributions of any dividends on the shares of our Class A common stock held by RCG and tax distributions) for specified periods of time. Following the distribution of our Class A common stock to the members of RCG in accordance with the lock-up provisions described below, such shares will be freely tradeable (subject to any applicable restrictions on transfers by affiliates). These lock-up provisions may be waived by RCG's managing member in accordance with the terms of RCG's operating agreement.

The minimum lock-up which is applicable to certain RCG members provides that they may withdraw one-third of their capital in RCG as of the end of each calendar year beginning on December 31, 2009. Approximately 1,655,726 shares of our Class A common stock, in the aggregate, underlie the capital that these members currently hold in RCG. In connection with a withdrawal of capital by these members of RCG, RCG will sell shares of our common stock attributable to these members on or prior to the effectiveness of such withdrawal and will use the net proceeds of such sales to satisfy the withdrawal requests of these members in cash.

A second group of RCG members have agreed in RCG's operating agreement to further lock-up their capital so that they may only withdraw one-third of their capital upon each of the first, second and third anniversaries of the closing of the Transactions. Approximately 17,906,994 shares of our Class A common stock, in the aggregate, underlie the capital that these members hold in RCG. Upon the withdrawal of capital by these members of RCG, RCG will distribute to the members the shares of our common stock underlying the withdrawn capital.

Furthermore, certain RCG members who are also principals of RCG (some of whom are also members of RCG's managing member, some of whom are officers of the Company and all of whom are employees of the Company) have further agreed in RCG's operating agreement not to withdraw any of their capital from RCG (except for, in certain circumstances, distributions of any dividends on the shares of our Class A common stock held by RCG and certain tax distributions) until the 30-month anniversary of the closing of the Transactions, at which time such members would be allowed to withdraw half of their capital in RCG. Upon the 36-month anniversary of the closing of the Transactions, these individuals would be able to withdraw all of their remaining capital from RCG. Approximately 9,455,421 shares of our Class A common stock, in the aggregate, underlie the capital that these members hold in RCG. If, however, at any time BA Alpine Holdings, Inc. (a third party investor in RCG) and its affiliates beneficially own less than 4.9% of the then-outstanding shares of our common stock (including shares held by RCG that are attributable to BA Alpine Holdings, Inc.), the managing member of RCG may elect to make distributions of capital to these principals of RCG in accordance with the schedule set forth in the immediately preceding paragraph. If RCG's managing member elects to make such accelerated distributions, Alpine Cayman Islands Limited (an affiliate of BA Alpine Holdings, Inc.) and HVB AG may, subject to certain exceptions, reduce their respective investments in certain Ramius funds and certain funds of Ramius Alternative Solutions below the agreed upon levels described in more detail in the sections titled "Business Recent Developments Amendment to Investment Agreement with Alpine Cayman Islands Limited" and "Business Recent

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Developments Amendment to Investment Agreement with HVB AG" respectively. Upon the withdrawal of capital by these members of RCG, RCG will distribute to the members the shares of our common stock underlying the withdrawn capital.

Under the terms of the asset exchange agreement, HVB has agreed to transfer restrictions with respect to the shares it received in the exchange. Following the closing of the fund of funds asset exchange for a period of six months as described below, HVB will not transfer any of the 2,713,882 shares of our Class A common stock issued to HVB under asset exchange agreement, other than (i) to wholly owned affiliates, (ii) to the extent necessary to prevent HVB from being in violation of federal, state or foreign banking laws, including the Bank Holding Company Act of 1956, as amended, or (iii) in non-market private sales to third party investors, so long as, without the consent of RCG, no such private sale, individually or in the aggregate, results in any third party investor beneficially owning in excess of 10% of the outstanding shares of our Class A common stock and provided that any transferee of all or a portion of the shares pursuant to clauses (i) and (ii) above agrees in writing to be bound by the transfer restrictions of the asset exchange agreement. The asset exchange agreement does not prohibit HVB from engaging in hedging or derivative transactions with respect to the shares.

Following the six-month anniversary of the closing of the fund of funds asset exchange, HVB will be allowed to freely transfer the shares of our common stock it received in the exchange to the extent that HVB, together with its affiliates (including BA Alpine Holdings, Inc.) and permitted transferees, continue to beneficially own 50% of the aggregate number of shares of our common stock that HVB and its affiliates beneficially owned at the closing of the fund of funds asset exchange, including shares beneficially owned indirectly through RCG.

In addition, these transfer restrictions will terminate following the second anniversary of the closing of the fund of funds asset exchange or after the occurrence of any of the following events:

- a material breach by Ramius of certain agreements between Ramius and HVB and certain of its affiliates, which is not cured within ten days of receipt of notice by Ramius;
- the failure of RCG to vote all of its shares of our Class A common stock in favor of the election to our board of directors of a designee of BA Alpine Holdings, Inc., so long as BA Alpine Holdings, Inc. is entitled to designate a nominee as discussed above;
- if the managing member of RCG ceases to be controlled by at least two of Peter A. Cohen, Morgan B. Stark, Thomas W. Strauss and Jeffrey M. Solomon; or
- any merger, consolidation, tender offer or any other transaction resulting in the stockholders of the Company immediately before such transaction owning less than a majority of the aggregate voting power of the resultant entity or any sale of all or substantially all of the assets of the Company.

Withdrawals of BA Alpine Holdings, Inc.'s capital in RCG are subject to restrictions and limitations substantially similar to the restrictions and limitations to which HVB is subject, as described in the immediately preceding paragraphs. Approximately 8,518,685 shares of our common stock is currently allocated to BA Alpine Holdings, Inc. in respect of its ownership in RCG. In connection with a withdrawal of capital by BA Alpine Holdings, Inc., at the option of BA Alpine Holdings, Inc., RCG will either (1) sell the shares of our common stock underlying the withdrawn capital and distribute the proceeds to BA Alpine Holdings, Inc. in cash or (2) distribute to BA Alpine Holdings, Inc. the shares of our common stock underlying the withdrawn capital.

Registration Rights Agreement

BA Alpine Holdings, Inc., HVB AG and HVB (each of which is a subsidiary of UniCredit Group and which we refer to collectively as the HVB Parties), RCG and Cowen Group have entered into a registration rights agreement, which sets forth certain rights of the HVB Parties and RCG and its members with respect to their shares of Cowen Group common stock (including, with respect to BA Alpine Holdings, Inc., shares held by Ramius that are attributable to BA Alpine Holdings, Inc.).

Registration Statements

Under the terms of the registration rights agreement, so long as Cowen Group is not eligible to use Form S-3 to register shares of its common stock, the HVB Parties (or RCG, acting on their behalf and at their direction) will be entitled to demand that Cowen Group prepare and file a registration statement on Form S-1 with respect to any shares of Class A common stock held or acquired (including directly or indirectly through RCG) by the HVB Parties, RCG or the members of RCG or any permitted transferee of an HVB Party and any stock of Cowen Group issued as a dividend or other distribution with respect to such shares of Class A common stock (which we refer to collectively as the registrable securities). Upon such demand, Cowen Group will use its reasonable best efforts to cause such registration statement to be declared effective, provided, that the registration statement will not be required to become effective prior to one day after the six-month anniversary of the closing of the transactions.

Cowen Group will also use its reasonable best efforts to qualify and maintain its eligibility to use Form S-3 for secondary sales by the HVB Parties, RCG and the members of RCG (including BA Alpine Holdings, Inc.) as soon as practicable following the execution of the registration rights agreement. Once Cowen Group is eligible to use Form S-3, it will file an automatic registration statement on Form S-3 and use its reasonable best efforts to effect and maintain the registration of all shares of registrable securities on Form S-3 and for so long as RCG or an HVB Party holds registrable securities, subject to certain limitations.

Piggyback Rights

If Cowen Group gives notice of a registered public offering of its Class A common stock involving an underwriting for its own account or for the account of the HVB Parties, and the HVB Partners are then permitted to transfer their registrable securities, Cowen Group will notify the holders of registrable securities of such offering and the holders of registrable securities may participate in such offering, subject to customary market cutback restrictions under which the HVB Parties will receive priority over other holders of registrable securities and Cowen Group.

Underwritten Offerings

Cowen Group also agreed to cooperate with the HVB Parties in a distribution of registrable securities in an underwritten offering, such as this offering, subject to customary market cutback restrictions under which the HVB Parties receive priority over other holders of registrable securities. Cowen Group is obligated to pay all registration expenses (including the fees and expenses of one counsel for the holders of registrable securities participating in any offering) incurred in connection with the registration rights agreement other than underwriting discounts and selling commissions applicable to sales of registrable securities. Under the terms of the registration rights agreement, the HVB Parties may demand a total of six underwritten offerings, of which this is not one, and may require Cowen Group to support three such offerings, including by causing senior executives of Cowen Group to participate in marketing efforts with respect to such offerings, including customary "road shows."

Additional Rights and Obligations

Subject to the limitations contained in the registration rights agreement, Cowen Group will be permitted to postpone a filing of a registration statement, and sales of registrable securities will be suspended, for a period that does not exceed sixty days, and not to exceed 120 days in any twelve-

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month period, if an event has occurred as a result of which any registration statement or prospectus would, in Cowen Group's reasonable judgment based on advice of outside counsel, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if Cowen Group notifies the holders of registrable securities that such actions would, in the good faith judgment of outside counsel, require the disclosure of material non-public information which Cowen Group has a bona fide business purpose for preserving as confidential and which Cowen Group would not otherwise be required to disclose.

The registration rights agreement will require Cowen Group to indemnify each holder of registrable securities against certain losses that may be suffered by such holders in connection with registrations made pursuant to the registration rights agreement. Furthermore, each holder whose registrable securities are included in a registration statement agrees to indemnify Cowen Group and each other holder of registrable securities to the extent that any losses result from information furnished in writing by that holder expressly for use in a registration statement.

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MATERIAL UNITED STATES TAX CONSEQUENCES

The following discussion is a summary of the material United States federal income (and to the limited extent set forth below, estate) tax considerations generally applicable to non-United States holders (as defined below) of the acquisition, ownership, conversion and disposition of our Class A common stock issued pursuant to this offering. Except as specifically provided herein with respect to the conversion of Class A common stock into Class B common stock (and *vice versa*), as discussed below under "Treatment of Conversion", the following discussion does not address the tax treatment to United States holders (as defined below). This discussion is not a complete analysis of all the potential United States federal income and estate tax consequences relating to the acquisition, ownership, conversion and disposition of our Class A common stock, nor does it address any tax consequences arising under any state, local or non-United States tax laws or any other United States federal tax laws (other than income and estate tax laws). This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder ("Treasury Regulations"), judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as in effect as of the date of this offering. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in United States federal income or estate tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership, conversion or disposition of our Class A common stock, or that any such contrary position would not be sustained by a court.

This discussion is limited to beneficial owners of our Class A common stock who purchase our Class A common stock issued pursuant to this offering and who hold our Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all United States federal income tax considerations that may be relevant to a particular beneficial owner in light of that beneficial owner's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to beneficial owners of our Class A common stock subject to special rules under the United States federal income tax laws, including, without limitation, former United States citizens or residents, partnerships and other pass-through entities, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid United States federal income tax, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organizations, tax-qualified retirement plans, persons subject to the alternative minimum tax, persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation and persons holding our Class A common stock as part of a hedge, straddle or other risk reduction strategy or as part of a "conversion transaction" or other integrated investment.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, CONVERTING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR NON-UNITED STATES TAX LAWS AND ANY OTHER UNITED STATES FEDERAL TAX LAWS.

For purposes of this discussion, a "non-United States holder" is any beneficial owner (other than an entity treated as a partnership for United States federal income tax purposes) of our Class A common stock that is not a "United States holder". A "United States holder" is a beneficial owner of our Class A common stock that is for United States federal income tax purposes:

- an individual who is or is treated as a citizen or resident of the United States;

- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to United States federal income taxation regardless of its source; or

- a trust (i) if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust or (ii) that has a valid election in effect to be treated as a United States person for United States federal income tax purposes.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our Class A common stock, the tax treatment of a partner in the partnership generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, such partners are urged to consult their tax advisors regarding the specific United States federal income tax consequences to them of being a partner in a partnership that holds our Class A common stock.

Distributions on our Common Stock

Distributions of cash or property (other than certain pro rata distributions of our Class A common stock) on our Class A common stock will constitute dividends for United States federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Amounts not treated as dividends for United States federal income tax purposes first will constitute a return of capital and be applied against and reduce a non-United States holder's adjusted tax basis in its Class A common stock, but not below zero. Any excess will be treated as gain from the sale or exchange of such stock, the treatment of which is described below.

Dividends paid to a non-United States holder of our Class A common stock that are not effectively connected with a United States trade or business conducted by such non-United States holder generally will be subject to United States federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable tax treaty. To receive the benefit of a reduced treaty rate, a non-United States holder must furnish a valid IRS Form W-8BEN (or applicable successor form) certifying such non-United States holder's qualification for the reduced rate. This certification must be provided prior to the payment of dividends and may be required to be updated periodically. Non-United States holders that do not timely provide the required certification, but which qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-United States holders should consult their tax advisors regarding possible entitlement to benefits under a tax treaty.

If a non-United States holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on the Class A common stock are effectively connected with such holder's United States trade or business, the non-United States holder will be exempt from United States federal withholding tax. To claim the exemption, the non-United States holder must furnish a valid IRS Form W-8ECI (or applicable successor form) certifying that the dividends are effectively connected with the non-United States holder's conduct of a trade or business within the United States.

Any dividends paid on our Class A common stock that are effectively connected with a non-United States holder's United States trade or business (and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-United States holder in the United States) generally will be subject to United States federal income tax on a net income basis in the same manner as if such holder were a United States person. A non-United States holder that is a corporation also

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may be subject to a branch profits tax at a 30% rate or such lower rate specified by an applicable tax treaty. Non-United States holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Gain on Sale or Disposition of our Common Stock

A non-United States holder generally will not be subject to United States federal income tax or withholding on any gain realized upon the sale or other disposition of our Class A common stock unless:

- the gain is effectively connected with the non-United States holder's conduct of a trade or business in the United States (and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-United States holder in the United States);

- the non-United States holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or

- our Class A common stock constitutes a United States real property interest by reason of our status as a United States real property holding corporation, or USRPHC, during the relevant statutory period, and, in the case where our Class A common stock is regularly traded on an established securities market, such as the NASDAQ Global Market, the non-United States holder owns or has owned, or is treated as owning, more than 5% of such class of our stock at any time during the relevant statutory period.

Unless an applicable tax treaty provides otherwise, gain described in the first bullet point above generally will be subject to United States federal income tax on a net income basis in the same manner as if such non-United States holder were a United States person. In such a case, a non-United States holder that is a corporation also may be subject to a branch profits tax at a 30% rate or such lower rate specified by an applicable tax treaty. Non-United States holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Gain described in the second bullet point above generally will be subject to United States federal income tax at a flat 30% rate, but may be offset by United States source capital losses of the non-United States holder.

With respect to the third bullet point above, in general, a corporation is a USRPHC if the fair market value of its United States real property interests (as defined in Section 897 of the Code) equals or exceeds 50% of the sum of the fair market value of its real property interests and its other assets used or held for use in a trade or business. We believe that we are not currently and are not likely to become a USRPHC. However, no assurance can be given that we will not be a USRPHC.

Treatment of Conversion

A holder's conversion of Class A common stock into Class B common stock (and *vice versa*) will be tax-free and the holder will therefore not recognize any gain or loss on such conversion for United States federal income tax purposes. A holder's adjusted tax basis in the common stock received upon a conversion will equal the holder's adjusted tax basis in the common stock that was converted. A holder's holding period for the common stock received will include the holder's holding period for the common stock converted. This section generally applies to United States holders as well as to non-United States holders.

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Federal Estate Tax

Shares of our Class A common stock owned by an individual who is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) at the time of death generally will be included in such person's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

Information concerning the amount of dividends and the amount of any tax withheld with respect to those dividends must be reported to the IRS and to each non-United States holder. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the non-United States holder's conduct of a United States trade or business, or withholding was reduced or eliminated by an applicable tax treaty. This information also may be made available under a specific treaty or agreement to the tax authorities of the country in which the non-United States holder resides or is established. Under certain circumstances, the Code imposes a backup withholding obligation (currently at a rate of 28%) on certain reportable payments. However, backup withholding generally will not apply to payments of dividends to a non-United States holder of our Class A common stock provided the non-United States holder furnishes the required certification as to its non-United States status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or otherwise establishes an exemption.

Generally, information reporting, but not backup withholding, will apply to payments of the proceeds from a disposition by a non-United States holder of our Class A common stock made by or through a non-United States office of a broker if the broker is a United States person or a non-United States person with certain types of relationships to the United States, unless the broker has documentary evidence that the beneficial owner is a non-United States holder or an exemption is otherwise established.

Payment of the proceeds from a non-United States holder's disposition of our Class A common stock made by or through the United States office of a broker will be subject to information reporting and backup withholding unless the non-United States holder certifies as to its non-United States holder status under penalties of perjury, such as by providing a valid IRS Form W-8BEN or W-8ECI, or otherwise establishes an exemption. Non-United States holders should consult their tax advisors on the application of information reporting and backup withholding to them in their particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-United States holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

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UNDERWRITING (CONFLICTS OF INTEREST)

Cowen and Company, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse (USA) LLC, and Sandler O'Neill & Partners, L.P. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of Class A common stock set forth opposite its name below.

Underwriter	Number of Shares
Cowen and Company, LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
Sandler O'Neill & Partners, L.P.	
Total	15,000,000

Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares of Class A common stock sold under the purchase agreement if any of these shares of our Class A common stock are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares of our Class A common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares of our Class A common stock, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares of our Class A common stock to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to the Company	$	$	$

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The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us.

Over-allotment Option

We have granted an option to the underwriters to purchase up to 2,250,000 additional shares of our Class A common stock at the public offering price, less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares of our Class A common stock proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers, directors and RCG have agreed, subject to certain exceptions, not to sell or transfer any of our Class A common stock or securities convertible into, exchangeable for, exercisable for, or repayable with our Class A common stock, for 90 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any Class A common stock,
- sell any option or contract to purchase any Class A common stock,
- purchase any option or contract to sell any Class A common stock,
- grant any option, right or warrant for the sale of any Class A common stock,
- lend or otherwise dispose of or transfer any Class A common stock,
- request or demand that we file a registration statement related to the Class A common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any Class A common stock whether any such swap or transaction is to be settled by delivery of shares of our Class A common stock or other securities, in cash or otherwise.

This lock-up provision applies to Class A common stock and to securities convertible into or exchangeable or exercisable for or repayable with Class A common stock. It also applies to Class A common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of lock-up period referred to above, we issue an earnings release or material news or a material event relating to the Company occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

NASDAQ Global Market Listing

The shares of our Class A common stock are currently listed on the NASDAQ Global Market under the symbol "COWND," and as of December 1, 2009 will be listed on the NASDAQ Global Market under the symbol "COWN."

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Price Stabilization, Short Positions

Until the distribution of the shares of our Class A common stock is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our Class A common stock. However, the representatives may engage in transactions that stabilize the price of the Class A common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our Class A common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares of our Class A common stock than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of our Class A common stock in the offering. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares of our Class A common stock in the open market. In determining the source of shares of our Class A common stock to close out the covered short position, the underwriters will consider, among other things, the price of shares of our Class A common stock available for purchase in the open market as compared to the price at which they may purchase shares of our Class A common stock through the overallotment option. "Naked" short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares of our Class A common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NASDAQ Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Class A common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Passive Market Making

In connection with this offering, underwriters and selling group members may engage in passive market making transactions in the Class A common stock on the NASDAQ Global Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of Class A common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our Class A common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in a passive market making and may end passive market making activities at any time.

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Electronic Offer, Sale and Distribution of Shares

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, Merrill Lynch, Pierce, Fenner & Smith Incorporated may facilitate Internet distribution for this offering to certain of its Internet subscription customers. Merrill Lynch, Pierce, Fenner & Smith Incorporated may allocate a limited number of shares of our Class A common stock for sale to its online brokerage customers. An electronic prospectus is available on the Internet web site maintained by Merrill Lynch, Pierce, Fenner & Smith Incorporated. Other than the prospectus in electronic format, the information on the Merrill Lynch, Pierce, Fenner & Smith Incorporated web site is not part of this prospectus.

Conflicts of Interest

Cowen and Company is a member of FINRA and will participate in the distribution of the shares of our Class A common stock. We control Cowen and Company and this relationship is defined as a "conflict of interest" under Conduct Rule 2720 of the NASD. Because of this relationship, the offering will be conducted in accordance with NASD Rule 2720. This rule requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of "due diligence" in respect to, the registration statement and this prospectus. Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. We have agreed to indemnify Merrill Lynch, Pierce, Fenner & Smith Incorporated against liabilities in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

Because Cowen and Company has a "conflict of interest" as defined in Rule 2720 of the Conduct Rules of the NASD, it is not permitted to sell shares of our Class A common stock in this offering to an account over which it exercises discretionary authority without the prior written approval of the customer to which the account relates.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Credit Suisse Securities (USA) LLC and Sandler O'Neill & Partners, L.P. acted as financial advisers to RCG and Cowen Holdings, respectively, in connection with the consummation of the Transactions and received customary transaction fees.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our Class A common stock which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our Class A common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

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(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriters to fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares of our Class A common stock shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of shares of our Class A common stock within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares of our Class A common stock through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares of our Class A common stock contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any shares of our Class A common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our Class A common stock to be offered so as to enable an investor to decide to purchase any shares of our Class A common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State receives any communication in respect of, or who acquires any shares of our Class A common stock under, the offer of shares of our Class A common stock contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

(a) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any shares of our Class A common stock acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares of our Class A common stock acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares of our Class A common stock have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares of our Class A common stock to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this prospectus is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of

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the Order (all such persons together being referred to as "relevant persons"). This prospectus must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this prospectus relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This prospectus, as well as any other material relating to the shares of our Class A common stock which are the subject of the offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares of our Class A common stock will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this prospectus, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares of our Class A common stock are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares of our Class A common stock with the intention to distribute them to the public. The investors will be individually approached by the issuer from time to time. This prospectus, as well as any other material relating to the shares of our Class A common stock, is personal and confidential and do not constitute an offer to any other person. This prospectus may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The shares of our Class A common stock which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares of our Class A common stock offered should conduct their own due diligence on the shares of our Class A common stock. If you do not understand the contents of this prospectus you should consult an authorised financial adviser.

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LEGAL MATTERS

The validity of the shares of our Class A common stock offered by this prospectus will be passed upon for us by Willkie Farr & Gallagher LLP, New York, New York. Jack H. Nusbaum, a director of the Company, is Chairman of Willkie Farr & Gallagher LLP. Sidley Austin LLP, New York, New York, has acted as a counsel to the underwriters.

EXPERTS

The consolidated statement of financial condition of LexingtonPark Parent Corp. and subsidiaries as of June 30, 2009 and the consolidated financial statements of Ramius LLC and subsidiaries as of December 31, 2008 and December 31, 2007 and for each of the three years in the period ended December 31, 2008 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated statements of financial condition of Cowen Holdings and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in stockholders' equity/group equity and comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2008, and the effectiveness of Cowen Holdings and subsidiaries' internal control over financial reporting as of December 31, 2008, are included elsewhere in this prospectus in reliance on the reports of Ernst & Young LLP, independent registered public accounting firm, given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act relating to the shares of our Class A common stock being offered by this prospectus. This prospectus, which constitutes part of that registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement. For further information about us and the Class A common stock offered, see the registration statement and the exhibits and schedules thereto. Statements contained in this prospectus regarding the contents of any contract or any other document to which reference is made are not necessarily complete, and, in each instance where a copy of a contract or other document has been filed as an exhibit to the registration statement, reference is made to the copy so filed, each of those statements being qualified in all respects by the reference.

Additionally, we are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Copies of these materials (including the registration statement and the exhibits and schedules thereto) and any other document we file may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549 and copies of all or any part of the registration statement may be obtained from this office upon the payment of the fees prescribed by the SEC. The public may obtain information on the operation of the public reference facilities in Washington, D.C. by calling the SEC at 1-800-732-0330. Our filings with the SEC are available to the public from the SEC's website at www.sec.gov. Our SEC filings and other information about us may also be obtained from our website at *http://www.cowen.com/*, although the information on our website does not constitute a part of this prospectus, and we are not incorporating information on our website into this prospectus.

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You can also obtain documents referenced in this prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses:

COWEN GROUP, INC.

599 Lexington Avenue
New York, New York 10022

Attention: J. Kevin McCarthy

General Counsel and Corporate Secretary

Telephone: (212) 845-7900

If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of Ramius LLC and Subsidiaries:

In our opinion, the accompanying consolidated statements of financial condition and the related consolidated statements of operations, changes in redeemable group equity and cash flows present fairly, in all material respects, the financial position of Ramius LLC and its Subsidiaries (the "Group") at December 31, 2008 and December 31, 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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. An audit 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.

/s/ PricewaterhouseCoopers LLP
New York, New York
May 22, 2009, except for Note 20, as to which the date is July 10, 2009

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Ramius LLC and Subsidiaries

Consolidated Statements of Financial Condition

	As of December 31, 2008	As of December 31, 2007
	(dollars in thousands)	
Assets		
Cash and cash equivalents	$ 46,677	$ 17,967
Cash collateral pledged	6,948	16,512
Securities owned, at fair value	15,309	193,108
Other investments	18,827	20,489
Receivable from brokers	25,911	785,893
Fees receivable (see Note 22)	19,330	97,592
Due from related parties (see Note 22)	25,298	33,711
Fixed assets, net of accumulated depreciation and amortization of $13,789 and $10,067, respectively	28,449	13,938
Goodwill	20,028	30,228
Intangible assets, net of accumulated amortization of $3,514 and $2,734, respectively	780	1,796
Other assets	4,984	15,395
Consolidated Ramius Funds and certain real estate entities assets:		
Cash and cash equivalents	533	5,284
Cash collateral pledged		3,433
Securities owned, at fair value		357,565
Other investments, at fair value	584,462	451,513
Securities purchased under agreement to resell		52,275
Receivable from brokers		9,294
Investments made in advance		3,755
Other assets	295	3,784
Total Assets	**$ 797,831**	**$ 2,113,532**
Liabilities and Redeemable Group Equity		
Securities sold, but not yet purchased, at fair value	$	$ 32,005
Securities sold under agreement to repurchase	1,425	1,861
Payable to brokers	3,817	771,131
Compensation payable	44,450	85,681
Note payable and short-term borrowings	49,948	50,000
Fees payable (see Note 22)	7,781	37,848
Due to related parties (see Note 22)	10,549	12,773
Capital withdrawals payable	16,941	19,083
Accounts payable, accrued expenses and other liabilities	15,715	19,638
Consolidated Ramius Funds and certain real estate entities liabilites:		
Securities sold, but not yet purchased, at fair value		78,761
Securities sold under agreement to repurchase		183,997
Payable to brokers		61,339
Note payable and short-term borrowings	10,207	57,586
Due to related parties	136	
Capital withdrawals payable	20,622	14,806
Accounts payable, accrued expenses and other liabilities	412	3,520
Total Liabilities	**$ 182,003**	**$ 1,430,029**
Commitments and Contingencies (see Note 16)		
Redeemable Group Equity		

Redeemable Managing Member	$ 47,390	$ 74,184
Redeemable Non-Managing Members	284,665	406,086
Accumulated other comprehensive loss	(1,163)	(290)
Total redeemable members' capital	330,892	479,980
Redeemable Non-controlling interests in consolidated subsidiaries	284,936	203,523
Total Redeemable Group Equity	**$ 615,828**	**$ 683,503**
Total Liabilities and Redeemable Group Equity	**$ 797,831**	**$ 2,113,532**

The accompanying notes are an integral part of these consolidated financial statements.

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Ramius LLC and Subsidiaries

Consolidated Statements of Operations

	Year ended December 31, 2008	2007	2006
	(dollars in thousands)		
Revenues			
Management fees	$ 70,818	$ 73,950	$ 65,635
Incentive income		60,491	81,319
Interest and dividends	1,993	16,356	17,189
Reimbursement from affiliates	16,330	7,086	4,070
Other	6,853	5,086	8,038
Consolidated Ramius Funds and certain real estate entities revenues:			
Management fees			16,810
Interest and dividends	30,267	19,977	18,053
Other	1,472	5,276	1,034
Total revenues	**$ 127,733**	**$ 188,222**	**$ 212,148**
Expenses			
Employee compensation and benefits	$ 84,769	$ 123,511	$ 112,433
Interest and dividends	1,820	20,679	17,694
Professional, advisory and other fees	13,803	28,621	12,751
Communications	1,574	1,201	788
Occupancy and equipment	11,401	7,249	3,539
Floor brokerage and trade execution		1,027	364
Depreciation and amortization	4,611	2,073	2,457
Client services and business development	8,647	9,333	8,808
Goodwill impairment	10,200		
Other	13,000	8,837	7,876
Consolidated Ramius Funds and certain real estate entities expenses:			
Interest and dividends	28,806	11,088	10,488
Professional, advisory and other fees	2,790	9,089	10,700
Floor brokerage and trade execution	1,228		
Other	1,444	837	18,112
Total expenses	**$ 184,093**	**$ 223,545**	**$ 206,010**
Other income (loss)			
Net gains (losses) on securities, derivatives and other investments	$ (2,006)	$ 94,078	$ 54,765
Consolidated Ramius Funds and certain real estate entities net gains (losses):			
Net realized and unrealized gains (losses) on investments and other transactions	(216,910)	74,615	78,827
Net realized and unrealized gains (losses) on derivatives	6,771	10,820	
Net gains (losses) on foreign currency transactions	11,654	(589)	(171)
Total other income (loss)	**$ (200,491)**	**$ 178,924**	**$ 133,421**
Income (loss) before income taxes	**$ (256,851)**	**$ 143,601**	**$ 139,559**
Income tax expense (benefit)	(1,301)	1,397	4,814
Net income (loss)	**$ (255,550)**	**$ 142,204**	**$ 134,745**

Net income (loss) attributable to non-controlling interests in consolidated subsidiaries		(113,786)		66,343		74,189
Special allocation to the Redeemable Managing Member				26,551		21,195
Net income (loss) available to all Redeemable Members	**$**	**(141,764)**	**$**	**49,310**	**$**	**39,361**

The accompanying notes are an integral part of these consolidated financial statements.

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Ramius LLC and Subsidiaries

Consolidated Statements of Changes in Redeemable Group Equity

	Redeemable Managing Member	Redeemable Non-Managing Members	Accumulated Other Comprehensive Loss	Total Redeemable Members' Capital	Redeemable Non-Controlling Interests	Total Redeemable Group Equity	Total Comprehensive Income (Loss)
	(dollars in thousands)						
Balance at December 31, 2005	$ 40,860	$ 214,324	$	$ 255,184	$ 482,800	$ 737,984	$
Contributions		8,219		8,219	143,708	151,927	
Withdrawals	(10,448)	(18,069)		(28,517)	(175,615)	(204,132)	
Deconsolidation of consolidated Ramius Funds (see Note 1)					(10,322)	(10,322)	
Comprehensive income							
Net income (see Note 10)	6,108	33,253		39,361	74,189	113,550	113,550
Special Allocation (see Note 10)	21,195			21,195		21,195	21,195
Balance at December 31, 2006	$ 57,715	$ 237,727	$	$ 295,442	$ 514,760	$ 810,202	$ 134,745
Contributions		128,137		128,137	192,516	320,653	
Withdrawals	(16,820)	(2,350)	&				