

Cowen Group's Proposed Acquisition of Convergenex

April 3, 2017

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Transaction Structure

- Cowen Group, Inc. (“Cowen”) to acquire 100% of issued and outstanding equity of Convergenx Group, LLC (“Convergenx”)

Convergenx Description

- Leading agency-focused global brokerage and trading related services provider
- Business units include equity sales and electronic trading, commission management, global clearing and prime services
- Deep client base of 2,500 firms, which include hedge funds, asset managers, broker-dealers, trusts, exchanges, and others; little client overlap with Cowen
- Execution capabilities in 100+ countries
- Approximately \$200 million in revenue (2016)

Consideration

- Purchase price (to be adjusted) will be based on tangible book value at closing
 - Gross purchase price: \$116MM less certain adjustments at time of closing
 - Convergenx tangible book value at 12/31/16: \$155 million
 - Excess cash at closing: \$24 million (estimated)
- At least 50% of the consideration will be paid in cash. The stock portion of the consideration will be determined based on the 30-day volume-weighted average price per share of Cowen's common stock as of the day prior to the closing date of the transaction; mix to be determined at closing by Cowen

Transaction Highlights

Positive Financial Impact

- Expected to be neutral to economic income per share and return on tangible common equity in 2017 stub period (7/1/17 – 12/31/17)
- Expected to be accretive to economic income per share and return on tangible common equity in 2018
 - Convergex incremental revenue contribution: \$180-190 million (2018 estimate)
 - Convergex EBITDA contribution with synergies: \$15-20 million (2018 estimate)

Synergies

- Significant potential cost savings identified from technology, operations and corporate overlap
- Potential to free excess capital following combination of the businesses

Retention

- Key Convergex employees have signed employment arrangements

Timing

- Subject to customary closing conditions and regulatory approvals
- Expected to close in the second quarter of 2017

Strategic Rationale

- Furthers Cowen's mission to help clients outperform by delivering value-added capabilities in:
 - Equity trading
 - Prime brokerage
 - Commissions payments services
 - Global clearing

- Establishes leading independent, non-conflicted trading platform in equities

- Expected to provide Cowen shareholders with greater resilience in financial performance

- Highly complementary businesses with little revenue overlap

- Significant cost synergies may be realized as a combined organization

Complementary Businesses Advance Cowen's Brokerage Franchise

- Adds sophisticated non-research agency execution to an industry-leading research sales platform
- Bolsters capabilities in prime services, commission management, algorithmic and electronic trading and clearing services
- Extends global reach with little client overlap

Product	Cowen	Convergex
Cash Sales Trading	Primarily US	Global
Program Trading	Global	Global
Electronic Trading	Primarily US	Global
Prime Brokerage	Global	Primarily US
ADR Direct Trading	x	✓
ETF Direct Trading	x	✓
Transition Management / Plan Sponsor Sales	x	✓
Global Clearing Services	x	✓
Options and Event Trading	✓	x
Special Situations Trading	✓	x
Equity Research	✓	x
Research Sales	✓	x
Credit Research and Trading	✓	x
Investment Banking	✓	x
Investment Management	✓	x

Cowen and Convergenex: A Great Strategic Fit



A research-driven financial services firm providing investment management, investment banking, equity, credit and policy research, sales and trading and prime brokerage services

Research

- Over 900 securities and macro commentary offered by 60 policy, equity and credit analysts
- Award-winning research analysts recognized by Institutional Investor, Greenwich Associates and Starmine:
 - Aerospace & defense
 - Consumer
 - Energy
 - Healthcare
 - Technology
 - Transportation

Brokerage

- 100+ sales and trading professionals
- Leading provider of electronic trading solutions
- Thought leader in algorithmic trading
- Award-winning prime brokerage serving emerging and established investment managers

Investment Banking

- 100+ sector and product specialists
- Industry leading equity and debt underwriting capabilities
- Increasing M&A footprint

Investment Management

- \$10.5 billion assets under management¹
- Offering differentiated products and solutions across the liquidity spectrum



CONVERGEX

Equity Sales and Electronic Trading

- 75+ sales and trading professionals
- Agency-based electronic and high-touch execution capabilities in the U.S. and globally spanning equities, ADRs and ETFs

Prime Services

- Robust suite of prime services with a focus on small- and mid-sized hedge funds

Commission Management

- Access to ~230 executing brokers
- Leading multi-broker soft dollar and commission recapture programs

Global Clearing

- 90+ markets covered globally
- A leading correspondent clearer for mid-sized, institutionally-focused broker-dealers

⁽¹⁾ As of December 31, 2016

Cowen Already Taking Market Share in Focus Areas

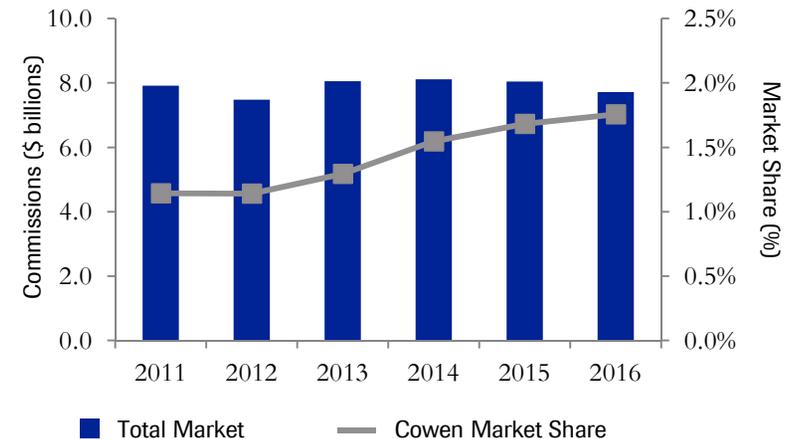
■ Investment Banking

- Banking revenue has grown significantly in recent years, led by Cowen's expertise in healthcare
- Today, Cowen has emerged as one of the leading equity underwriters in healthcare
- Growing advisory business in TMT, consumer and industrials

■ Brokerage

- Cowen's market share has grown in recent years as commissions consolidate to top brokers
- Expanded sector expertise and increased research product
- Expanded trading capabilities
- Addition of prime services (September 2015)
- Addition of credit sales and trading capabilities (May 2016)
- Addition of Convergenx creates leading independent, non-conflicted trading platform in equities

U.S. Secondary Cash Equities



Source: Cowen estimates and proprietary market provider.

Establishes Leading Independent, Non-Conflicted Trading Platform in Equities

- Combination solidifies top spot in U.S. trading among growth banks, further distinguishing Cowen from the competition
- Increases value proposition to clients by adding sophisticated non-research agency execution to Cowen's leading research sales platform
- Positions Cowen as a key equity market liquidity provider for clients
- Positions Cowen well for upcoming regulatory changes, such as MiFID II, which will require unbundling of research and execution fees

2016 U.S. Trading Volume: Growth Banks & Select Peers

Rank	Company	Shares (billions)	Full Service	
			Investment Bank	Research
1	Cowen / Convergen Pro Forma ¹	31.6	✓	✓
2	Jefferies	28.0	✓	✓
3	Cantor Fitzgerald	21.0		
4	RBC	18.9	✓	✓
5	Wells Fargo	11.0	✓	✓
6	ITG	10.5		
7	BTIG	10.4		
8	Stifel / KBW	9.2	✓	✓
9	BMO	7.3	✓	✓
10	Raymond James	6.9	✓	✓
11	HSBC	5.4	✓	✓
12	Baird	3.8	✓	✓
13	Evercore	3.7	✓	✓
14	Oppenheimer	3.5	✓	✓
15	Piper Jaffray	3.2	✓	✓
16	KeyBanc	2.4	✓	✓
17	William Blair	2.4	✓	✓
18	FBR	2.2	✓	✓
19	Macquarie	2.1	✓	✓
20	Suntrust	1.8	✓	✓

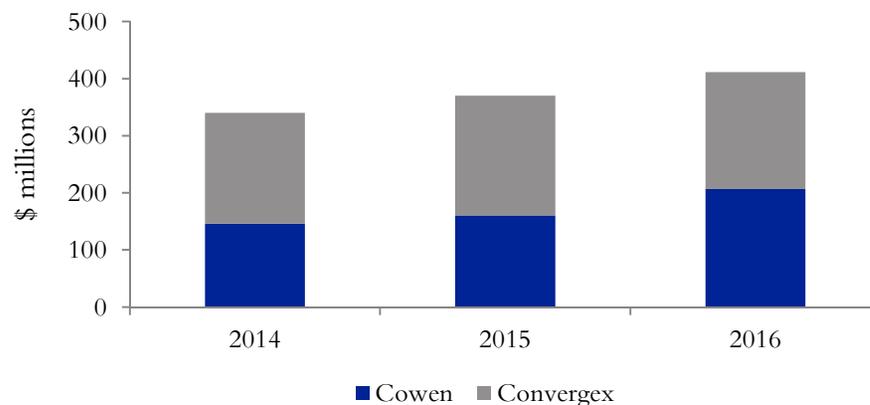
Source: Bloomberg RANK.

⁽¹⁾ Assumes no loss of market share due to client overlap.

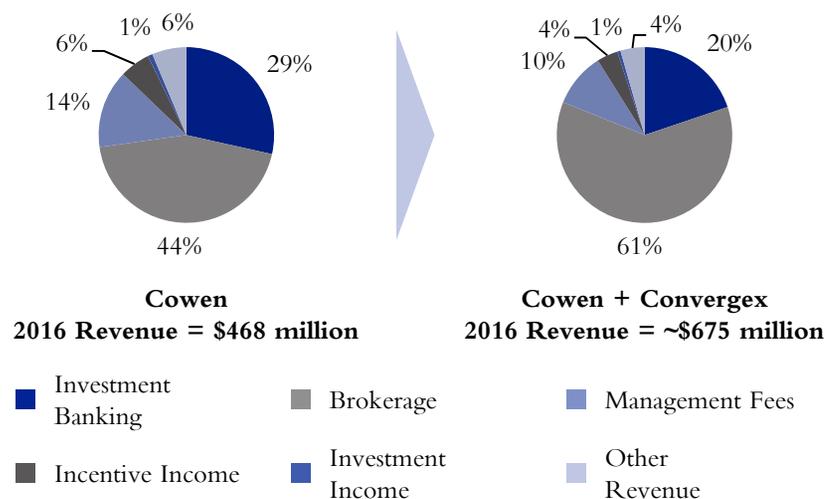
Acquisition Enables Improved Long-Term Resilience in Financial Performance With Upside Potential

- **Scale:** Pro forma brokerage revenue exceeds \$400 million on an annual basis
- **Resilience:** Increased brokerage business adds more stability to revenue; brokerage revenue is less cyclical than Cowen's other businesses
- **Profitability:** Increased brokerage business improves profitability as fixed costs become shared over a significantly larger revenue base
- **Growth:** Revenue synergies are not budgeted; however, cross-selling opportunities exist

Pro Forma Brokerage Revenue



Pro Forma Cowen Revenue



Selected Financial Highlights

- Assumed Convergenx contribution after synergies (assuming 6/30/17 closing date):

	2017E (stub)	2018E
Revenue	\$90-95 million	\$180-190 million
EBITDA	breakeven	\$15-20 million
Economic Income	breakeven	\$15-20 million

- Combined tangible book value at time of close:
 - \$740 million (estimated based on Cowen's TBV of \$585 million as of 12/31/16)
- Attractive capital deployment opportunity
 - Estimated IRR: 20%+ over five years
- Expected to be accretive to financial metrics in 2018
 - Economic income per share
 - ROTCE
- Acquiring a balance sheet that is largely cash
 - \$24 million in excess cash at closing (estimated)
 - Opportunity to invest unlocked excess capital to accelerate growth in the platform

Cowen Has Proven Its Ability to Successfully Execute and Integrate Acquisitions

- 5/6/2016: Acquisition of **CRT Capital Group's credit products, credit research, special situations and emerging markets units**
- 10/1/2015: Acquisition of **Conifer Securities**
- 9/1/2015: Acquisition of **Concept Capital Markets**
- 3/11/2013: Acquisition of **Dahlman Rose & Company**
- 11/1/2012: Acquisition of **KDC Securities**
- 4/5/2012: Acquisition of **Algorithmic Trading Management**
- 6/28/2011: Acquisition of **LaBranche & Co**
- 11/2/2009: Merger of **Ramius** and **Cowen**

We Believe the Transaction Will Drive Value for Our Shareholders

- Furthers Cowen's mission to help clients outperform by delivering value-added capabilities in equity trading, prime brokerage, commissions payments services and global clearing
- Establishes leading independent, non-conflicted trading platform in equities
- Expected to provide Cowen shareholders with improved long-term resilience in financial performance with upside potential
 - Highly complementary businesses with little client overlap
 - Significant and clearly realizable potential cost synergies
 - Opportunity for additional revenue synergies
- Attractive capital deployment opportunity with an estimated IRR of 20%+ over five years
- Acquiring a balance sheet that is largely cash with potential to free excess capital following combination of the businesses



Questions?