COWEN GROUP, INC.
Form S-1/A
December 07, 2009

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As filed with the Securities and Exchange Commission on December 7, 2009.

Registration No. 333-163372

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
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)

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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	17,480,000	$114,098,400	$6,368(4)

(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 (x) on a per share price of $6.53, with respect to 17,250,000 shares, and (y) on a per share price of $6.33, with respect to 230,000 shares, the averages of the high and low prices of our common stock on November 20, 2009 and December 3, 2009, respectively, 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.

(4) $6,286 has previously been paid.

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 December 7, 2009**

15,200,000 Shares

COWEN GROUP, INC.

Class A common stock

This is a public offering of shares of Class A common stock of Cowen Group, Inc. Cowen Group, Inc. is offering 15,000,000 shares of Class A common stock. The selling stockholder identified in this prospectus is offering an additional 200,000 shares of Class A common stock. Cowen Group, Inc. will not receive any of the proceeds from the sale of the shares being sold by the selling stockholder.

Our Class A common stock is presently traded on the NASDAQ Global Market under the symbol "COWN." On December 4, 2009, the last reported sale price of our Class A common stock was $6.32 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.	**$**	**$**
Proceeds, before expenses, to the selling stockholder	**$**	**$**

We have granted the underwriters an option to purchase up to an additional 2,280,000 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 December , 2009.

Cowen and Company

BofA Merrill Lynch

Credit Suisse

Sandler O'Neill + Partners, L.P.

Keefe, Bruyette & Woods

December , 2009

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You should rely only on the information contained in this prospectus. Neither we or the selling stockholder nor the underwriters have 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, the selling stockholder 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 with the fund of funds asset exchange, described in the section titled "Prospectus Summary" below, 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 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, as part 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 as of November 2, 2009 following completion of the Transactions:

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(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 prior to this offering, (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. RCG is selling 200,000 shares of

Class A common stock in

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this offering and will distribute the net proceeds to satisfy withdrawals of certain of its other, non-affiliate members who are withdrawing one-third of their capital in RCG as of December 31, 2009.

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
Class A common stock offered by the selling stockholder	200,000 shares. These shares are held by RCG and are attributable to certain of its non-affiliate members who are withdrawing one-third of their capital in RCG as of December 31, 2009. RCG is selling these shares and will distribute the net proceeds to those members to satisfy such withdrawals.
Over-allotment option granted by us to the underwriters	2,280,000 shares
Common stock to be outstanding after this offering	72,437,136 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. We will not receive any proceeds from the sale of any shares in this offering by the selling stockholder. See "Use of Proceeds."
Listing	Our Class A common stock is currently 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 57,437,136 shares of Class A common stock outstanding on December 4, 2009 and exclude:

- 892,782 shares of Class A common stock issuable upon exercise of options outstanding as of December 4, 2009, at a weighted average exercise price of $15.06 per share;
- 2,746,301 shares of Class A common stock reserved for future grants under our stock option and incentive plans as of December 4, 2009; and
- 253,505 shares of Class A common stock underlying restricted stock units that have been granted under our stock option and incentive plans but have not been issued as of December 4, 2009.

Except as otherwise noted, all information in this prospectus 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" 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**

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

	As of September 30, 2009	As of December 31, 2008	As of December 31, 2007	As of December 31, 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. RCG also indirectly controls Cowen and Company and will sell shares of our Class A common stock in the offering. This relationship would also be defined as a "conflict of interest" under Conduct Rule 2720 of the NASD. BA Alpine Holdings, Inc., an affiliate of HVB, is a member of RCG and therefore considered an affiliate of Cowen and Company. In excess of 5% of the net offering proceeds are intended to be paid to HVB to repay amounts outstanding under the HVB Credit Facility. This is also defined as a "conflict of interest" under Conduct Rule 2720 of the NASD. Because of those relationships, 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.

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 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;

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- 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. Cowen International Limited (which we refer to as CIL), the Company's U.K. registered broker-dealer subsidiary, is subject to the capital requirements of the Financial Services Authority of the United Kingdom (which we refer to as the FSA). Cowen Latitude Advisors Limited (which we refer to as CLAL) is subject to the financial resources requirements of the Securities and Futures Commission of Hong Kong (which we refer to as the SFC). 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 FSA, the Financial Services Agency of Japan, the SFC, 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

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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 (which we refer to as SG), wherein, among other things, SG 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. SG, however, will not indemnify Cowen Holdings, and Cowen Holdings will instead indemnify SG, 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.

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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 65.4% of the outstanding voting power of the Company's capital stock (or approximately 51.5% after giving effect to this offering, assuming no exercise of the underwriters' over-allotment option and approximately 49.97% assuming the underwriters' over-allotment option is exercised in full). 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. If the underwriters' over-allotment option is exercised in full, RCG will own approximately 49.97% of the outstanding voting power of the Company's capital stock and the Company would no longer be treated as a "controlled company" for purposes of NASDAQ Rule 5615(c)(2).

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.

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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 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.

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.

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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.

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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 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

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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 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

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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

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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

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. Those affiliates of HVB and BA Alpine Holdings, Inc. have indicated that they intend to withdraw a portion of their investments to the extent permitted under their respective amended investment agreements, as discussed in "Business Recent Developments Amendment to Investment Agreement with Alpine Cayman Islands Limited" and "Business Recent Developments Amendment to Investment Agreement with HVB AG."

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

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banking industries, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally.

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.

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 and RCG is selling 200,000 of these shares in this offering for the purpose described below. 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 the withdrawal of capital by certain of these non-affiliate members of RCG as of December 31, 2009, RCG is selling 200,000 shares of Class A common stock attributable to these members in this offering and will 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 72,437,136 shares will be outstanding and 892,782 shares will be issuable upon the exercise of outstanding vested stock options. Of the 72,437,136 shares outstanding upon the completion of this offering, 31,502,718 shares will be freely tradeable without restriction and 32,386,428 shares will be freely tradeable following the expiration of the 90-day lock-up period. Certain shares are subject to additional transfer restrictions. See "Shares Eligible for Future Sale Transfer Restrictions on Shares of our Common Stock Held by RCG and HVB." 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 Eligible for Future Sale Registration Rights Agreement."

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.

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 on the public offering price of $ per share, and after deducting the underwriting discounts and other estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of our Class A common stock by the selling stockholder.

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 December 4, 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 the 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 Group	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

Our Class A common stock is listed and trades on the NASDAQ Global Market under the symbol "COWN." On November 2, 2009, following the consummation of the Transactions, through November 30, 2009, our Class A common stock was listed and traded on the NASDAQ Global Market under the symbol "COWND." The most recent closing price for our Class A common stock as of December 4, 2009, was $6.32 and there were approximately 25 holders of record of our Class A common stock. From November 2, 2009 through December 4, 2009, the high and low sale prices were $9.00 and $6.08, 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.

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 Transactions were 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 did not vest as part of the Transactions and were not effectively 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, as part 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 the Financial Accounting Standards Board (which we refer to as 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				