

COWEN GROUP, INC.  
Form S-4  
March 31, 2011

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As filed with the Securities and Exchange Commission on March 31, 2011

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form S-4**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**COWEN GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-34516**  
(Primary Standard Industrial  
Classification Code Number)  
**599 Lexington Avenue**  
**New York, NY 10022**  
**(212) 845-7900**

**27-0423711**  
(I.R.S. Employer  
Identification No.)

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

**Owen S. Littman**  
**General Counsel**  
**599 Lexington Avenue**  
**New York, NY 10022**  
**(212) 845-7900**

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

---

**With Copies to:**

**David K. Boston**  
**Laura L. Delaney**  
Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019  
(212) 728-8000

**Stephen H. Gray**  
General Counsel  
LaBranche & Co Inc.  
33 Whitehall Street  
New York, NY 10004  
(212) 425-1144

**Michael J. Aiello**  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
(212) 310-8007

**Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed joint proxy statement/prospectus.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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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.

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
 (Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

- Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
- Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class A Common Stock, par value \$0.01 per share	40,850,133(1)	N/A	\$164,546,628(2)	\$19,104(3)

- (1) Represents the estimated maximum number of shares of the Registrant's common stock to be issued pursuant to the merger agreement described herein. The number of shares of common stock is based on the product obtained by multiplying (x) 40,931,997 shares of LaBranche & Co Inc. common stock, par value \$0.01 per share, estimated to be outstanding immediately prior to the merger (which will be cancelled on completion of the merger) by (y) the exchange ratio of 0.9980.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rules 457(f)(1) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of the Registrant's common stock was calculated based upon the market value of shares of LaBranche common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (x) \$4.02, the average of the high and low prices per share of LaBranche common stock on March 25, 2011, as quoted on the New York Stock Exchange, multiplied by (y) 40,931,997, the estimated number of shares of LaBranche common stock to be exchanged in the merger.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$116.10 per \$1,000,000 of the proposed maximum aggregate offering price.

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

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**The information in this joint proxy statement/prospectus is not complete and may be changed. The securities offered by this joint proxy statement/prospectus may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED March 31, 2011**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

LaBranche & Co Inc. (which we refer to as LaBranche) and Cowen Group, Inc. (which we refer to as Cowen) have entered into an Agreement and Plan of Merger, dated as of February 16, 2011 (which we refer to as the merger agreement). Pursuant to the terms of the merger agreement, a wholly owned subsidiary of Cowen will merge with and into LaBranche (which we refer to as the merger). Immediately thereafter, Cowen will cause LaBranche to be merged with and into Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen (which we refer to as Merger Sub LLC).

Upon completion of the merger, LaBranche stockholders will receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock that they own (which we refer to as the exchange ratio). This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ \_\_\_\_\_ in value for each share of LaBranche common stock. Cowen stockholders will continue to own their existing Cowen shares. LaBranche common stock is currently traded on the New York Stock Exchange under the symbol "LAB," and Cowen Class A common stock is currently traded on the NASDAQ Global Select Market under the symbol "COWN." **We urge you to obtain current market quotations of LaBranche common stock and Cowen Class A common stock.**

We intend for the merger and the related transactions, taken together, to qualify as a reorganization for U.S. federal income tax purposes. Accordingly, LaBranche stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of LaBranche common stock for shares of Cowen Class A common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Cowen Class A common stock.

Based on the estimated number of shares of LaBranche and Cowen common stock that will be outstanding immediately prior to the closing of the merger, we estimate that, upon closing, existing Cowen stockholders will own approximately 64.5% of Cowen and former LaBranche stockholders will own approximately 35.5% of Cowen.

LaBranche and Cowen will each hold special meetings of their respective stockholders in connection with the proposed merger. At the special meeting of Cowen stockholders, Cowen stockholders will be asked to vote on the proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger. The proposal to issue shares of Cowen Class A common stock will be approved if the holders of a majority of the outstanding shares of Cowen capital stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal vote to approve the share issuance. At the special meeting of LaBranche stockholders, LaBranche stockholders will be asked to vote on the proposal to approve and adopt the merger agreement and approve the merger. The proposal to approve and adopt the merger agreement and approve the merger will be approved if the holders of a majority of the outstanding shares of LaBranche common stock entitled to vote on the proposal vote to approve and adopt the merger agreement and approve the merger.

We cannot complete the merger unless the stockholders of each company approve the proposals made by each company as described above. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend either special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the LaBranche or Cowen special meeting, as applicable.**

**The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that the LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger.**

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The Cowen board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger, are in the best interests of Cowen and its stockholders. The Cowen board of directors unanimously recommends that the Cowen stockholders vote "FOR" the proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger.

The obligations of LaBranche and Cowen to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying joint proxy statement/prospectus contains detailed information about LaBranche, Cowen, the special meetings, the merger agreement and the merger. **You should read this joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled "Risk Factors" beginning on page 37.**

We look forward to the successful completion of the merger.

Sincerely,

George M.L. LaBranche, IV  
*Chairman, Chief Executive Officer and President*  
LaBranche & Co Inc.

Peter A. Cohen  
*Chairman and Chief Executive Officer*  
Cowen Group, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated \_\_\_\_\_, 2011 and is first being mailed to LaBranche and Cowen stockholders on or about \_\_\_\_\_, 2011.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of LaBranche & Co Inc.:

You are cordially invited to attend the special meeting of stockholders of LaBranche & Co Inc. (which we refer to as LaBranche), which will be held at \_\_\_\_\_ on \_\_\_\_\_, 2011, local time, for the following purposes:

to consider and vote on the proposal to approve and adopt the Agreement and Plan of Merger, dated as of February 16, 2011 by and among Cowen Group, Inc., a Delaware corporation (which we refer to as Cowen), LaBranche and Louisiana Merger Sub, Inc., a Delaware corporation and a direct wholly-owned subsidiary of Cowen (which we refer to as the merger agreement), a copy of which is included as Annex A to the joint proxy statement/prospectus accompanying this notice, and approve the merger contemplated thereby; and

to vote upon the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

LaBranche will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the LaBranche special meeting.

**The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the proposal to adjourn the LaBranche special meeting if necessary to solicit additional proxies in favor of such adoption.**

The LaBranche board of directors has fixed the close of business on \_\_\_\_\_ as the record date for determination of LaBranche stockholders entitled to receive notice of, and to vote at, the LaBranche special meeting or any adjournments or postponements thereof. Only holders of record of LaBranche common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the LaBranche special meeting. Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock. A list of the names of LaBranche stockholders of record will be available for inspection for any purpose germane to the special meeting during ordinary business hours at LaBranche's headquarters located at LaBranche & Co Inc., 33 Whitehall Street, New York, NY 10004, for ten days prior to the LaBranche special meeting. The LaBranche stockholder list will also be available at the LaBranche special meeting for examination by any stockholder present at such meeting.

All stockholders are invited to attend the special meeting in person. However, whether or not you plan to attend the special meeting in person, you are urged to vote by any of the three methods below:

- (1) By internet: go to [www.proxyvote.com](http://www.proxyvote.com) have your proxy card available when you access the web site and follow the instructions to obtain your records and vote;

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- (2) By phone: call toll-free number for telephone voting can be found on the enclosed proxy card; or
- (3) By mail: complete and return the enclosed proxy card in the postage prepaid envelope provided.

If your shares are held in the name of a broker, bank or other stockholder of record, please follow the voting instructions that you receive from the stockholder of record entitled to vote your shares. Stockholders who attend the special meeting may revoke their proxy and vote their shares in person.

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of LaBranche common stock, please contact LaBranche's proxy solicitor:

**Morrow & Co., LLC**  
470 West Avenue  
Stamford, Connecticut 06902  
(888) 681-0976 (toll free)  
(203) 658-9400  
Labranche.info@morrowco.com

By Order of the Board of Directors of LaBranche & Co Inc.,

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Stephen H. Gray  
*Secretary*

New York, New York  
, 2011

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of Cowen Group, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Cowen Group, Inc. (which we refer to as Cowen) which will be held at \_\_\_\_\_, on \_\_\_\_\_, 2011, at \_\_\_\_\_, local time, to consider and vote on the following:

a proposal to approve the issuance of shares of Cowen Class A common stock to LaBranche & Co Inc. (which we refer to as LaBranche) stockholders (which we refer to as the Cowen stock issuance) pursuant to the merger (which we refer to as the merger) as contemplated by the Agreement and Plan of Merger, dated as of February 16, 2011, by and among LaBranche, Cowen and Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen (which we refer to as the merger agreement), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice forms a part; and

a proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Cowen will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the special meeting.

Completion of the merger is conditioned on, among other things, approval of the Cowen stock issuance.

**The Cowen board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. The Cowen board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.**

The Cowen board of directors has fixed the close of business on \_\_\_\_\_, 2011 as the record date for determination of Cowen stockholders entitled to receive notice of, and to vote at, the Cowen special meeting or any adjournments or postponements thereof. Only Cowen stockholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the Cowen special meeting. The Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal. A list of the names of Cowen stockholders of record will be available for ten days prior to the Cowen special meeting for any purpose germane to the special meeting between the hours of 9:00 a.m. and 5:00 p.m., local time, at Cowen's headquarters, 599 Lexington Avenue, New York, NY 10022. The Cowen stockholder list will also be available at the Cowen special meeting for examination by any stockholder present at such meeting.

**Your vote is very important. For your convenience, in addition to submitting a proxy to vote your shares by signing and returning the enclosed proxy card in the postage-paid envelope provided, we have also made telephone and internet voting available to you. Simply follow the instructions on the enclosed proxy. If your shares are held in a 401(k) plan or in the name of a bank, broker or other**

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**fiduciary, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement as well as a description of the Cowen stock. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Cowen Class A common stock, please contact Cowen's proxy solicitor:

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
Call Collect: (212) 929-5500  
or  
Toll Free: (800) 322-2885

By Order of the Board of Directors of  
Cowen Group, Inc.,

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Owen S. Littman  
*General Counsel and Secretary*

New York, New York  
, 2011



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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about LaBranche and Cowen from documents that are not included in or delivered with this joint proxy statement/prospectus. **This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:**

**LaBranche & Co Inc.  
33 Whitehall Street  
New York, New York 10004  
(212) 425-1144**

**Attn: Stephen H. Gray, General Counsel and Secretary**

**Cowen Group, Inc.  
599 Lexington Avenue, 20th Floor  
New York, New York 10022  
(212) 845-7900**

**Attn: Owen S. Littman, General Counsel and Secretary  
Peter Poillon, Head of Investor Relations and Corporate  
Communications**

**If you would like to request any documents, please do so by meetings.**

**, 2011 in order to receive them before the special**

For a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 140.

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (which we refer to as the SEC) by Cowen, constitutes a prospectus of Cowen under the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger. This joint proxy statement/prospectus also constitutes a joint proxy statement for both LaBranche and Cowen under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). It also constitutes a notice of meeting with respect to the special meeting of Cowen stockholders and a notice of meeting with respect to the special meeting of LaBranche stockholders.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated \_\_\_\_\_, 2011, and you should assume that the information contained in this joint proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this joint proxy statement/prospectus is only accurate as of the date of such information. Neither the mailing of this joint proxy statement/prospectus to LaBranche stockholders or Cowen stockholders nor the issuance by Cowen of shares of Class A common stock pursuant to the merger will create any implication to the contrary.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding LaBranche has been provided by LaBranche and information contained in this joint proxy statement/prospectus regarding Cowen has been provided by Cowen.**

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All references in this joint proxy statement/prospectus to "LaBranche" refer to LaBranche & Co Inc., a Delaware corporation; all references in this joint proxy statement/prospectus to "Cowen" refer to Cowen Group, Inc., a Delaware corporation; all references to "Merger Sub" refer to Louisiana Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Cowen formed for the purpose of effecting the merger; all references to "Merger Sub LLC" refer to Louisiana Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Cowen formed for the purpose of effecting the transactions contemplated by the merger agreement, and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of February 16, 2011, by and among LaBranche, Cowen and Merger Sub, a copy of which is included as Annex A to this joint proxy statement/prospectus.

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**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a stockholder of Cowen or a stockholder of LaBranche, may have regarding the merger, the Cowen stock issuance and the other matters being considered at the special meetings and the answers to those questions. LaBranche and Cowen urge you to carefully read the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger, the Cowen stock issuance and the other matters being considered at the special meetings. Additional important information is also contained in the Annexes to and the documents incorporated by reference into this joint proxy statement/prospectus.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A:

You are receiving this document because you were a stockholder of record of LaBranche or Cowen on the record date for the LaBranche special meeting or the Cowen special meeting, respectively. LaBranche and Cowen have agreed to a merger pursuant to the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

In order to complete the merger, among other things:

LaBranche stockholders must approve and adopt the merger agreement and approve the merger; and

Cowen stockholders must approve the issuance of shares of Cowen Class A common stock to LaBranche stockholders pursuant to the merger;

LaBranche and Cowen will hold separate special meetings of their respective stockholders to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Cowen and LaBranche, the merger, the Cowen stock issuance and the stockholder meetings of Cowen and LaBranche. You should read all the available information carefully and in its entirety. The enclosed proxy card and instructions allow you to vote your shares without attending the special meeting in person.

Your vote is important. You are encouraged to vote as soon as possible.

**Q: What will I receive in the merger?**

A:

*LaBranche Stockholders:* If the merger is completed, holders of LaBranche common stock will receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock they hold at the effective time of the merger. LaBranche stockholders will not receive any fractional shares of Cowen Class A common stock in the merger. Instead, Cowen will pay cash in lieu of any fractional shares of Cowen Class A common stock that a LaBranche stockholder would otherwise have been entitled to receive.

*Cowen Stockholders:* If the merger is completed, Cowen stockholders will not receive any merger consideration and will continue to hold their shares of Cowen Class A common stock.

**Q: What is the value of the merger consideration?**

A:

Because Cowen will issue 0.9980 shares of Cowen Class A common stock in exchange for each share of LaBranche common stock, the value of the merger consideration that LaBranche stockholders receive will depend on the price per share of Cowen Class A common stock at the effective time of the merger. That price will not be known at the time of the special meetings and may be less than the current price or the price at the time of the special meetings. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on



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February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock, which had a closing price of \$4.06 per share on February 16, 2011. Based on the closing price of Cowen Class A common stock on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ \_\_\_\_\_ in value for each share of LaBranche common stock, which had a closing price of \$ \_\_\_\_\_ per share on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus. Cowen stockholders will continue to own their existing Cowen shares. Cowen Class A common stock is currently traded on the NASDAQ Global Select Market under the symbol "COWN," and LaBranche common stock is currently traded on the New York Stock Exchange under the symbol "LAB." We urge you to obtain current market quotations of Cowen Class A common stock and LaBranche common stock.

**Q: Can I attend the special meeting and vote my shares in person?**

A:

Yes. If you are a LaBranche or Cowen stockholder of record, you may vote your shares in person at the applicable meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, it is recommended that you also submit your proxy as described above, so your vote will be counted if you later decide not to attend the meeting. If you submit your vote by proxy and later decide to vote in person at the meeting, the vote you submit at the meeting will override your proxy vote. If you are a street name holder, you may vote your shares in person at the meeting only if you obtain and bring to the meeting a signed letter or other form of proxy from your broker, bank, trust company or other nominee giving you the right to vote the shares at the meeting.

**Q: How can I attend the meeting?**

A:

*LaBranche Stockholders:* All of LaBranche's stockholders are invited to attend the LaBranche special meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on \_\_\_\_\_, the record date for the LaBranche special meeting, are examples of proof of ownership.

To help LaBranche plan for the meeting, please indicate whether you expect to attend by responding affirmatively when prompted during internet or telephone voting or by marking the attendance box on the proxy card.

*Cowen Stockholders:* All of Cowen's stockholders are invited to attend the Cowen special meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on \_\_\_\_\_, the record date for the Cowen special meeting, are examples of proof of ownership.

To help Cowen plan for the meeting, please indicate whether you expect to attend by responding affirmatively when prompted during internet or telephone voting or by marking the attendance box on the proxy card.

**Q: When and where will the special stockholders meetings be held?**

A:

*LaBranche Stockholders:* The special meeting of LaBranche stockholders will be held at the \_\_\_\_\_, on \_\_\_\_\_, 2011, at \_\_\_\_\_, local time.

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*Cowen Stockholders:* The special meeting of Cowen stockholders will be held at the \_\_\_\_\_, on \_\_\_\_\_, 2011, at \_\_\_\_\_, local time.

**Q: Who is entitled to vote at the special stockholders meetings?**

A:

*LaBranche Stockholders:* The board of directors of LaBranche has set \_\_\_\_\_, 2011 as the record date for the LaBranche special meeting. If you were a stockholder of record of outstanding shares of LaBranche common stock at the close of business on \_\_\_\_\_, 2011, you are entitled to vote at the meeting. As of the record date, \_\_\_\_\_ shares of LaBranche's common stock were outstanding.

*Cowen Stockholders:* The board of directors of Cowen has set \_\_\_\_\_, 2011 as the record date for the Cowen special meeting. If you were a stockholder of record of outstanding shares of Cowen Class A common stock at the close of business on \_\_\_\_\_, 2011, you are entitled to vote at the meeting. As of the record date, \_\_\_\_\_ shares of Cowen's Class A common stock, representing all of Cowen's voting stock, were issued and outstanding and, therefore, eligible to vote at the meeting.

**Q: What constitutes a quorum at the special stockholders meetings?**

A:

*LaBranche Stockholders:* Stockholders who hold shares representing at least a majority of the issued and outstanding stock entitled to vote at the LaBranche special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the LaBranche special meeting.

*Cowen Stockholders:* Stockholders who hold shares representing at least a majority of the issued and outstanding shares entitled to vote at the Cowen special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Cowen special meeting.

**Q: What does it mean if I receive more than one set of proxy materials?**

A:

If you receive more than one set of proxy materials or multiple control numbers for use in submitting your proxy, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, sign and return each proxy card or voting instruction card you receive or, if you submit your proxy by internet or telephone, vote once for each card or control number you receive.

**Q: How do I vote if I am a stockholder of record?**

A:

*LaBranche Stockholders.* If you are a stockholder of record of LaBranche as of the close of business on the record date for the LaBranche special meeting, you may vote in person by attending the LaBranche special meeting or, to ensure your shares are represented at the LaBranche special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the proxy card;

calling the toll-free number listed on the proxy card; or

signing and returning the enclosed proxy card by mail.

If you hold LaBranche shares in street name you can vote your shares in the manner prescribed by your broker, bank, trust company or other nominee. Your broker, bank, trust company or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing such broker, bank, trust company or other nominee how to vote your shares. Without instructions



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from you, your broker, bank, trust company or other nominee cannot vote your shares, which will have the effect described below.

*Cowen Stockholders.* If you are a stockholder of record of Cowen as of the close of business on the record date for the Cowen special meeting, you may vote in person by attending the Cowen special meeting or, to ensure your shares are represented at the Cowen special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the proxy card;

calling the toll-free number listed on the proxy card; or

signing and returning the enclosed proxy card by mail.

If you hold Cowen shares in street name, you can vote your shares in the manner prescribed by your broker, bank, trust company or other nominee. Your broker, bank, trust company or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing such broker, bank, trust company or other nominee how to vote your shares. Without instructions from you, your broker, bank, trust company or other nominee cannot vote your shares, which will have the effect described below.

**Q: What are my voting rights?**

A:

*LaBranche Stockholders:* Holders of LaBranche common stock are entitled to one vote per share. As of the close of business on the record date for the LaBranche special meeting, a total of \_\_\_\_\_ votes are entitled to be cast at the LaBranche special meeting.

*Cowen Stockholders:* Holders of Cowen's Class A common stock are entitled to one vote per share. As of the close of business on the record date for the Cowen special meeting, a total of \_\_\_\_\_ votes are entitled to be cast at the Cowen special meeting.

**Q: What vote is required to approve each proposal?**

A:

*LaBranche Stockholders:* Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock. Approval of the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, even if less than a quorum. Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to that certain Stockholders' Agreement, effective August 18, 1999 (which we refer to as the LaBranche stockholders' agreement), by and among LaBranche and certain LaBranche stockholders, to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately \_\_\_\_\_ % of the outstanding shares of LaBranche common stock.

*Cowen Stockholders:* The Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or

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represented by proxy at the Cowen special meeting and entitled to vote on the proposal. Approval of the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting, even if less than a quorum. RCG Holdings LLC (which we refer to as RCG) has entered into an agreement with LaBranche to vote all shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date of the Cowen special meeting, RCG held approximately % of the issued and outstanding Cowen Class A common stock.

**Q: How does the LaBranche board of directors recommend that LaBranche stockholders vote?**

A:

The LaBranche board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.

**Q: How does Cowen's board of directors recommend that Cowen stockholders vote?**

A:

The Cowen board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. Cowen's board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.

**Q: What is the difference between a stockholder of record and a "street name" holder?**

A:

If your shares are registered directly in your name, you are considered the stockholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank, trust company or other nominee, then the broker, bank, trust company or other nominee is considered to be the stockholder of record with respect to those shares, while you are considered the beneficial owner of those shares. In the latter case, your shares are said to be held in "street name."

**Q: My shares are held in "street name" by my broker, bank or other nominee. Will my broker, bank or other nominee automatically vote my shares for me?**

A:

No. Your broker cannot vote your shares on "non-routine" matters, as described below in the section titled "What will happen if I return my proxy card without indicating how to vote," without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. If you do not provide your broker with instructions and your broker submits an unvoted proxy, your shares will be counted for purposes of determining a quorum but they will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority. This is often called a "broker non-vote." Please note that you may not vote shares held in street name by returning a proxy card directly to LaBranche or Cowen or by voting in person at your special meeting unless you first obtain a proxy from your broker, bank or other nominee.

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**Q: What will happen if I fail to vote or I abstain from voting?**

A:

*LaBranche Stockholders:* If you do not vote, it will be more difficult for LaBranche to obtain the necessary quorum to approve and adopt the merger agreement and approve the merger.

You may vote "FOR," "AGAINST" or "ABSTAIN" on each of the proposals. An abstention and a broker non-vote will be counted for purposes of determining a quorum. However, if you are the stockholder of record, and you fail to vote by proxy or by ballot at the special meeting, your shares will not be counted for purposes of determining a quorum. Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention, failure to submit a proxy card or vote in person or a broker non-vote will be treated as a vote "AGAINST" the proposal to approve and adopt the merger agreement and approve the merger;

an abstention will be treated as a vote "AGAINST" the proposal to approve any adjournment of the LaBranche special meeting; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the LaBranche special meeting.

*Cowen Stockholders:* If you do not vote, it will be more difficult for Cowen to obtain the necessary quorum to approve the Cowen stock issuance.

You may vote "FOR," "AGAINST" or "ABSTAIN" on each of the proposals. An abstention and a broker non-vote will be counted for purposed of determining a quorum. However, if you are the stockholder of record, and you fail to vote by proxy or by ballot at the special meeting, your shares will not be counted for purposes of determining a quorum. Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention will be treated as a vote "AGAINST" the proposal to approve the Cowen stock issuance and the proposal to approve any adjournment of the Cowen special meeting;

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve the Cowen stock issuance; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the Cowen special meeting.

**Q: What will happen if I return my proxy card without indicating how to vote?**

A: *LaBranche Stockholders:* If you are a stockholder of record and you submit your proxy by internet, telephone or mail but do not specify how you want to vote your shares on a particular proposal, LaBranche will vote your shares:

**FOR** the proposal to approve and adopt the merger agreement and approve the merger; and

**FOR** the proposal to approve any adjournment of the LaBranche special meeting, if necessary, to solicit additional proxies.

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If you are a street name holder and fail to instruct the broker, bank, trust company or other nominee that is the stockholder of record how you want to vote your shares on a particular proposal, those shares are considered to be "uninstructed." Stockholders of record have the discretion to vote uninstructed shares on specified routine matters, and do not have the authority to vote uninstructed shares on non-routine matters, such as the proposal to approve and adopt the

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merger agreement and approve the merger and the proposal to adjourn the LaBranche special meeting.

*Cowen Stockholders:* If you are a stockholder of record and you submit your proxy by internet, telephone or mail but do not specify how you want to vote your shares on a particular proposal, Cowen will vote your shares:

**FOR** the proposal to approve the Cowen stock issuance; and

**FOR** the proposal to approve any adjournment of the Cowen special meeting, if necessary, to solicit additional proxies. If you are a street name holder and fail to instruct the broker, bank, trust company or other nominee that is the stockholder of record how you want to vote your shares on a particular proposal, those shares are considered to be "uninstructed." Stockholders of record have the discretion to vote uninstructed shares on specified routine matters, and do not have the authority to vote uninstructed shares on non-routine matters, such as the proposal to approve the Cowen stock issuance and the proposal to adjourn the Cowen special meeting.

**Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?**

A:

Yes. If you are the holder of record of either LaBranche or Cowen common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at your special meeting. You can do this in one of four ways:

by submitting a later-dated proxy by internet or telephone before the deadline stated on the enclosed proxy card;

by submitting a later-dated proxy card;

by sending a written notice of revocation to the Corporate Secretary of LaBranche or Cowen, as applicable, which must be received before the time of such special meeting; or

by voting in person at the special meeting.

If you are a street name holder, please refer to the voting instructions provided to you by your broker, bank, trust company or other nominee.

Any LaBranche common stockholder or Cowen common stockholder entitled to vote in person at the LaBranche or Cowen special meeting, respectively, may vote in person regardless of whether a proxy has been previously given, but simply attending such special meeting will not constitute revocation of a previously given proxy.

**Q: Who pays for the cost of proxy preparation and solicitation?**

A:

In accordance with the terms of the merger agreement, LaBranche will bear the entire cost of proxy solicitation for the LaBranche special meeting, Cowen will bear the entire cost of proxy solicitation for the Cowen special meeting, and LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document.

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**Q: Will LaBranche be required to submit the merger agreement to its stockholders even if LaBranche's board of directors has withdrawn (or amended or modified in a manner adverse to Cowen) its recommendation?**

A:

Yes, unless LaBranche terminates the merger agreement and, concurrently, it enters into a definitive agreement with respect to a superior proposal (after complying with its obligations with respect to non-solicitation) and pays Cowen a termination fee of \$6,250,000. For more information regarding the ability of LaBranche to terminate the merger in accordance with these conditions, see the sections entitled "The Merger Agreement Termination of the Merger Agreement" beginning on page 103 and "The Merger Agreement Termination Fees and Expenses; Liability for Breach," beginning on page 105.

**Q: Will Cowen be required to submit the Cowen stock issuance to its stockholders even if Cowen's board of directors has withdrawn (or amended or modified in a manner adverse to LaBranche) its recommendation?**

A:

Yes. Cowen is required to submit the Cowen Stock issuance to its stockholders even if Cowen's board of directors has withdrawn (or amended or modified in a manner adverse to LaBranche) its recommendation, consistent with the terms of the merger agreement.

**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of LaBranche common stock?**

A:

The merger and the related transactions, taken together, are intended to be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). Assuming the merger and the related transactions, taken together, qualify as a reorganization, a holder of LaBranche common stock generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of LaBranche common stock for shares of Cowen Class A common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares. You should read the section titled "Material U.S. Federal Income Tax Consequences" beginning on page 109 for a more complete discussion of the U.S. federal income tax consequences of the merger and the related transactions. Tax matters can be complicated, and the tax consequences of the merger and the related transactions to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the transactions to you.**

**Q: When do you expect the merger to be completed?**

A:

LaBranche and Cowen hope to complete the merger as soon as reasonably practicable and currently expect the closing of the merger to occur by the end of the second quarter or the beginning of the third quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions, as described in the merger agreement, and it is possible that factors outside the control of LaBranche and Cowen could result in the merger being completed at an earlier time, a later time or not at all. There can be no assurances as to when or if the merger will close.

**Q: Do I need to do anything with my shares of common stock other than voting for the proposals at the special meeting?**

A:

*LaBranche Stockholders:* If you are a LaBranche stockholder, after the merger is completed, each share of LaBranche common stock you hold will be converted into the right to receive 0.9980 shares of Cowen Class A common stock together with cash in lieu of any fractional shares, as

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applicable. You will receive instructions at that time regarding exchanging your shares for shares of Cowen Class A common stock. You do not need to take any action at this time. Please do not send your LaBranche stock certificates with your proxy card.

*Cowen Stockholders:* If you are a Cowen stockholder, after the merger is completed, you are not required to take any action with respect to your shares of Cowen Class A common stock.

**Q: Are stockholders entitled to appraisal rights?**

A:

No. Neither the stockholders of Cowen nor the stockholders of LaBranche are entitled to appraisal rights in connection with the merger under Delaware law.

**Q: What happens if I sell my shares of LaBranche common stock before the LaBranche special meeting?**

A:

The record date for the LaBranche special meeting is earlier than the date of the LaBranche special meeting and the date that the merger is expected to be completed. If you transfer your LaBranche shares after the LaBranche record date but before the LaBranche special meeting, you will retain your right to vote at the LaBranche special meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger.

**Q: What if I hold shares in both LaBranche and Cowen?**

A:

If you are a stockholder of both LaBranche and Cowen, you will receive two separate packages of proxy materials. A vote cast as a Cowen stockholder will not count as a vote cast as a LaBranche stockholder, and a vote cast as a LaBranche stockholder will not count as a vote cast as a Cowen stockholder. Therefore, please separately submit a proxy for each of your LaBranche and Cowen shares.

**Q: Who can help answer my questions?**

A:

Cowen stockholders or LaBranche stockholders who have questions about the merger, the other matters to be voted on at the special meetings, or how to submit a proxy or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

**If you are a Cowen stockholder:**

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
Call Collect: (212) 929-5500  
or  
Toll Free: (800) 322-2885

or

**Cowen Group, Inc.**  
  
599 Lexington Avenue  
New York, NY 10022  
(646) 562-1880  
Attn: Investor Relations

**If you are a LaBranche stockholder:**

**Morrow & Co., LLC**  
470 West Avenue  
Stamford, CT 06902  
Banks and Brokers Call: (203) 658-9400  
or  
Stockholders Call Toll Free: (888) 681-0976

or

**LaBranche & Co Inc.**  
  
33 Whitehall Street  
New York, NY 10004  
(212) 425-1144  
Attn: Investor Relations

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**SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger, the Cowen stock issuance (which, together with the merger, we refer to as the transactions) and the other matters being considered at the LaBranche and Cowen special stockholder meetings. LaBranche and Cowen urge you to read the remainder of this joint proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled "Where You Can Find More Information" beginning on page 140. We have included page references in this summary to direct you to a more complete description of the topics presented below where appropriate.*

**The Companies**

**LaBranche & Co Inc.**

LaBranche & Co Inc., a Delaware corporation, is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges, both domestically and internationally. Historically, and for part of the first quarter of 2011, LaBranche's business principally operated in two separate segments: the market-making segment and the institutional brokerage segment. The entities within LaBranche's market-making segment are market-makers on the NYSE Amex Exchange, the NYSE Arca Exchange, the NYBOT and other exchanges domestically and are market-makers on the London Stock Exchange and Euronext and Eurex exchanges, as well as other on other exchanges and markets internationally. Prior to the sale of LaBranche's New York Stock Exchange designated market maker business on January 22, 2010, LaBranche was also one of the largest specialists/designated market makers on the New York Stock Exchange. As of December 31, 2010, LaBranche's market-making segment was comprised of market makers for 265 ETFs and 295 options. LaBranche's institutional brokerage segment began the process of winding down its business activities in the first quarter of 2011. Previously, the institutional brokerage segment provided securities execution services to institutional clients and professional traders.

LaBranche's common stock is listed on the New York Stock Exchange under the symbol "LAB."

The principal executive offices of LaBranche are located at 33 Whitehall Street, New York, NY 10004 and its telephone number is (212) 425-1144.

**Cowen Group, Inc.**

Cowen Group, Inc., a Delaware corporation, is a diversified financial services firm and, together with its consolidated subsidiaries, provides alternative investment management, investment banking, research, and sales and trading services through its two business segments: alternative investment management and broker-dealer. The alternative investment management segment includes hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services offered primarily under the Ramius name. The broker-dealer segment offers industry focused investment banking for growth-oriented companies including advisory and global credit markets origination and domain knowledge-driven research and a sales and trading platform for institutional investors, primarily under the "Cowen" name.

Cowen's Class A common stock is traded on the NASDAQ Global Select Market under the symbol "COWN."

The principal executive offices of Cowen are located at 599 Lexington Avenue, New York, NY 10022 and its telephone number is (212) 845-7900.



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**Louisiana Merger Sub, Inc.**

Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen Group, Inc., is a Delaware corporation that was formed on February 11, 2011 for the sole purpose of effecting the merger. In the merger, Louisiana Merger Sub, Inc. will be merged with and into LaBranche, with LaBranche continuing as the surviving corporation.

**Louisiana Merger Sub, LLC**

Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen Group, Inc., is a Delaware limited liability company that was formed on February 14, 2011. Immediately following the merger, LaBranche will be merged with and into Louisiana Merger Sub, LLC (which we refer to as the second-step merger), with Louisiana Merger Sub, LLC continuing as the surviving company.

**Risk Factors**

In addition to other information included and incorporated by reference into this document, you should carefully read and consider the risks related to completion of the transactions, to Cowen following the transactions and the risks associated with each of the businesses of LaBranche and Cowen, beginning on page 37, before deciding whether to vote for the proposals presented in this document. Some of the most important risks are summarized below.

**Risks Related to the Merger**

The exchange ratio is fixed and will not be adjusted in the event of any change in either Cowen's or LaBranche's stock price.

The transactions are subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to complete the transactions could have a material and adverse effect on LaBranche.

The opinions obtained by Cowen's board of directors and LaBranche's board of directors from their respective financial advisors will not reflect changes in circumstances between the signing of the merger agreement and the completion of the transactions.

Some of LaBranche's respective current directors and executive officers have interests in the transactions that may differ from the interests of other LaBranche stockholders, as applicable, and these persons may have conflicts of interest in supporting or recommending that you approve the proposals set forth in this document.

Two lawsuits have been filed against LaBranche and Cowen challenging the merger and an adverse ruling may prevent the merger from being completed.

**Risks Related to Cowen Following the Transactions**

Although LaBranche and Cowen expect that Cowen's acquisition of LaBranche will result in benefits to Cowen, Cowen may not realize those benefits because of integration difficulties and other challenges.

Current Cowen stockholders and LaBranche stockholders will have a reduced ownership and voting interest after the transactions and will exercise less influence over management.

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The market price of Cowen's Class A common stock after the transactions will be affected by factors different from those currently affecting the market price of LaBranche's common stock.

The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this joint proxy statement/prospectus are preliminary, and Cowen's actual

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financial position and operations after the transactions may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.

**The Merger**

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. LaBranche and Cowen encourage you to read the entire merger agreement carefully because it is the principal document governing the merger and the Cowen stock issuance. For more information on the merger agreement, see the section entitled "The Merger Agreement" beginning on page 90.

**Effects of the Merger (see page 55)**

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub, a newly formed subsidiary of Cowen, will be merged with LaBranche, with LaBranche continuing as the surviving corporation. Immediately thereafter, Cowen will merge LaBranche with Merger Sub LLC, a wholly owned subsidiary of Cowen, with Merger Sub LLC continuing as the surviving company and a wholly owned subsidiary of Cowen.

**Terms of the Merger; Merger Consideration (see page 90)**

LaBranche stockholders will have the right to receive 0.9980 shares of Cowen Class A common stock for each share of LaBranche common stock they hold at the effective time of the merger (which we refer to as the exchange ratio). The exchange ratio is fixed and will not be adjusted for changes in the market value of the LaBranche common stock or Cowen Class A common stock. As a result, the implied value of the consideration to LaBranche stockholders will fluctuate between the date of this joint proxy statement/prospectus and the effective date of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ \_\_\_\_\_ in value for each share of LaBranche common stock, which had a closing price of \$ \_\_\_\_\_ per share on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus.

**Material U.S. Federal Income Tax Consequences (see page 109)**

As a condition to the completion of the merger, each of Willkie Farr & Gallagher LLP, tax counsel to Cowen, and Weil, Gotshal & Manges LLP, tax counsel to LaBranche, will deliver an opinion, dated as of the closing date of the merger, that the merger and the second-step merger, taken together, will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code and that each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. Neither Cowen nor LaBranche intends to waive this condition.

The opinions regarding the merger and the second-step merger will not address any state, local or foreign tax consequences of the merger and the second-step merger. The opinions will be based on certain assumptions and representations as to factual matters from LaBranche and Cowen, as well as certain covenants and undertakings made by LaBranche and Cowen to each other. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or is violated, the validity of the conclusions reached by counsel in their opinions could be jeopardized and the tax consequences of the merger and the second-step merger, taken together, could differ materially from those described in this joint proxy statement/prospectus. Neither Cowen nor LaBranche is

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currently aware of any facts or circumstances that would cause the assumptions, representations, covenants and undertakings to be incorrect, incomplete, inaccurate or violated.

An opinion of counsel represents counsel's legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court would not sustain such a challenge. Neither Cowen nor LaBranche intends to obtain a ruling from the IRS on the tax consequences of the merger or the second-step merger. If the IRS were to successfully challenge the "reorganization" status of the merger and the second-step merger, taken together, the tax consequences would be very different from those set forth in this joint proxy statement/prospectus.

Based on those opinions, in the event that the merger and the second-step merger, taken together, are treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code, each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. None of LaBranche, Cowen, Merger Sub or Merger Sub LLC will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger and the second-step merger, taken together.

You should read the section titled "Material U.S. Federal Income Tax Consequences" beginning on page 109 for a more complete discussion of the U.S. federal income tax consequences of the merger and the second-step merger. Tax matters can be complicated, and the tax consequences of the merger and the second-step merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences to you of the merger and the second-step merger.

**Recommendation of LaBranche's Board of Directors (see page 64)**

After careful consideration, the LaBranche board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. For more information regarding the factors considered by the LaBranche board of directors in reaching its decision to approve and adopt the merger agreement and the merger, see the section entitled "The Merger- LaBranche's Reasons for the Merger; Recommendation of LaBranche's Board of Directors." **The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger at the LaBranche special meeting and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.**

**Recommendation of Cowen's Board of Directors (see page 76)**

After careful consideration, the Cowen board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Cowen stock issuance, are in the best interests of Cowen and its stockholders. For more information regarding the factors considered by the Cowen board of directors in reaching its decision to approve the merger agreement and to authorize the Cowen stock issuance, see the section entitled "The Merger Cowen's Reasons for the Merger; Recommendation of Cowen's board of directors." **The Cowen board of directors unanimously recommends that Cowen stockholders vote "FOR" the proposal to approve the Cowen stock issuance and "FOR" the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies.**

**Opinion of LaBranche's Financial Advisor (see page 67)**

On February 16, 2011, the LaBranche board of directors held a meeting to evaluate the proposed merger of LaBranche with a newly formed merger subsidiary of Cowen. At this meeting, Keefe, Bruyette & Woods, Inc. (which we refer to as KBW) reviewed the financial aspects of the proposed

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merger and rendered an oral opinion (subsequently confirmed in writing), to the LaBranche board of directors that, as of such date, and based upon and subject to factors and assumptions set forth in such opinion, the exchange ratio in the merger was fair, from a financial point of view, to the stockholders of LaBranche. The full text of KBW's written opinion, dated February 16, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the full text of such opinion. LaBranche's stockholders are urged to read the opinion in its entirety. KBW's opinion speaks only as of the date of the opinion. The opinion is directed to the LaBranche board and addresses only the fairness, from a financial point of view to the stockholders of LaBranche, of the exchange ratio in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any LaBranche stockholder as to how the stockholder should vote at the LaBranche special meeting on the merger or any related matter.

**For a more complete description, see "The Merger Opinion of LaBranche's Financial Advisor" beginning on page 67. See also Annex B to this joint proxy statement/prospectus.**

**Opinion of Cowen's Financial Advisor (see page 77)**

In connection with the merger, the Cowen board of directors received an opinion, dated February 16, 2011, from Cowen's financial advisor, Sandler O'Neill + Partners, L.P. (which we refer to as Sandler O'Neill), as to the fairness of the exchange ratio paid to LaBranche from a financial point of view. The full text of Sandler O'Neill's opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Cowen's and LaBranche's stockholders are urged to read the entire opinion carefully in connection with their consideration of the transactions. Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Cowen's board and is directed only to the fairness of the exchange ratio paid to LaBranche from a financial point of view. It does not address the underlying business decision of Cowen to engage in the transactions or any other aspect of the transactions and is not a recommendation to any Cowen stockholder as to how such stockholder should vote at the special meeting with respect to the Cowen stock issuance or any other matter.

**For a more complete description, see "The Merger Opinion of Cowen's Financial Advisor" beginning on page 77. See also Annex C to this joint proxy statement/prospectus.**

**Interests of LaBranche Directors and Executive Officers in the Merger (see page 74)**

Executive officers and members of LaBranche's board of directors have interests in the merger that may be different from, or in addition to, the interests of LaBranche stockholders generally. Certain of LaBranche's executive officers have agreements with LaBranche that provide for severance benefits if their employment is terminated under certain circumstances following a change in control of LaBranche, such as the merger.

Additionally, as detailed below under "Board of Directors and Management Following the Merger," some of LaBranche's executive officers and members of LaBranche's board of directors will continue to serve as officers or directors of the combined company upon completion of the merger. Specifically, George M.L. LaBranche, IV, LaBranche's current Chairman of the board, President and Chief Executive Officer will become a senior managing director of, and a member of the board of directors of, Cowen, Katherine E. "Wendy" Dietze will become a member of the board of directors of Cowen and William H. Burke, III, LaBranche's Chief Operating Officer, will become a senior managing director of Cowen.

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The LaBranche board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in recommending that you vote for the proposal to adopt the merger agreement.

**Board of Directors and Management Following the Merger (see page 86)**

Effective as of the closing of the merger, the board of directors of Cowen will consist of the following nine members: (i) the seven directors of Cowen immediately prior to the merger, (ii) George M.L. LaBranche, IV (the current Chairman, Chief Executive Officer and President of LaBranche) and (iii) Katherine Elizabeth Dietze (a current director of LaBranche).

Upon completion of the merger, Mr. LaBranche will also serve as a Senior Managing Director of Cowen. William "Chip" Burke, III, Chief Operating Officer of LaBranche, will also join Cowen as a Senior Managing Director.

**Regulatory Clearances Required for the Merger (see page 87)**

LaBranche and Cowen have each agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval from the SEC, the Financial Industry Regulatory Authority (which we refer to as FINRA), the Financial Services Authority in the United Kingdom, the Securities and Futures Commission of Hong Kong, the Department of Justice, the Federal Trade Commission and various other federal, state and foreign regulatory authorities and self-regulatory organizations.

LaBranche and Cowen have completed, or will shortly complete, the filing of applications and notifications to obtain the required regulatory approvals. Although LaBranche and Cowen believe that the transactions do not raise substantial regulatory concerns and that all requisite regulatory approvals can be obtained on a timely basis, LaBranche and Cowen cannot be certain when or if these approvals will be obtained.

**Treatment of LaBranche Stock Options and Other Stock Awards (see page 88)**

Upon completion of the merger, each of the 230,000 outstanding options to purchase LaBranche common stock granted pursuant to the previously terminated Amended and Restated LaBranche & Co Inc. 1999 Equity Incentive Plan will be cancelled for no consideration. LaBranche will also take all steps necessary to cause the LaBranche & Co Inc. 2010 Equity Incentive Plan to be terminated no later than the completion of the merger.

**Completion of the Merger (see page 91)**

LaBranche and Cowen currently expect the closing of the merger to occur by the end of the second quarter or the beginning of the third quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions as described in the merger agreement, and it is possible that factors outside the control of LaBranche and Cowen could result in the merger being completed at an earlier time, a later time or not at all.

**No Solicitation of Alternative Proposals (see page 96)**

The merger agreement precludes LaBranche and Cowen from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in Cowen's or LaBranche's common stock or assets. However, if LaBranche or Cowen receives an unsolicited proposal from a third party for a competing transaction that Cowen's or LaBranche's board of directors, as applicable, among other things, determines in good faith constitutes, or would reasonably be expected to lead to, a proposal that is superior to the

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transactions contemplated by the merger agreement, LaBranche or Cowen, as applicable, may furnish non-public information to and enter into discussions with, and only with, that third party regarding such competing transaction.

**Conditions to Completion of the Merger (see page 101)**

The obligations of each of LaBranche and Cowen to effect the merger are subject to the satisfaction, or waiver, of the following conditions:

the approval and adoption of the merger agreement and approval of the merger by holders of a majority of the outstanding shares of LaBranche common stock at the LaBranche special meeting;

the approval of the Cowen stock issuance by holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy and entitled to vote thereon at the Cowen special meeting;

the absence of any order, injunction or regulation by a court or other governmental entity that makes illegal or prohibits the consummation of the merger, provided, however, this condition will not be available to any party whose failure to fulfill its obligations under the merger agreement regarding cooperation in preparing and filing all necessary documentation in connection with the receipt of all required third party and governmental entity consents and approvals as described under the section titled "The Merger Agreement Efforts to Complete the Merger";

the waiting period (and any extension thereof) applicable to the merger under the antitrust laws of the United States having expired or been earlier terminated;

the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger having been approved for quotation or listing on the NASDAQ Global Market System; and

the effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose.

In addition, the obligations of LaBranche to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

the representations and warranties of Cowen relating to capital structure being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of Cowen relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of Cowen being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications





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contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Cowen;

Cowen having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of Cowen certifying as to the satisfaction of the conditions described in the preceding four bullets;

the non-occurrence of any event or development having a material adverse effect on Cowen since February 16, 2011;

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof; and

receipt of a written opinion from Weil, Gotshal & Manges LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

In addition, the obligations of Cowen to effect the merger are subject to the satisfaction, or waiver, of the following additional conditions:

LaBranche has, as of the business day immediately prior to the closing of the merger, (i) a Company Consolidated Tangible Book Equity Value (as such term is defined in the merger agreement) of at least \$193,000,000, (ii) a ratio of the aggregate value of the assets reflected on its unaudited balance sheet to its Company Consolidated Tangible Book Equity Value of no greater than 4.5:1, and (iii) assets reflected on its unaudited balance sheet of no more than \$920,000,000 in the aggregate;

the representations and warranties of LaBranche relating to capital structure, other than the representations described in the preceding bullet, being true and correct in all respects (other than immaterial misstatements or omissions) as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

the representations and warranties of LaBranche relating to the absence of certain changes and events and the requisite stockholder vote being true and correct in all respects, as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date);

all other representations and warranties of LaBranche being true and correct both as of the date of the merger agreement and as of the date of the closing of the merger (other than those representations and warranties that were made only as of an earlier date, which need only be true and correct as of that date), other than where the failure of these representations and warranties to be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on LaBranche;

LaBranche having performed or complied with, in all material respects, all its agreements and covenants under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the chief executive officer and chief financial officer of LaBranche certifying as to the satisfaction of the conditions described in the preceding five bullets;



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receipt of a written opinion from Willkie Farr & Gallagher LLP to the effect that the merger and the second-step merger, taken together, will be treated as a "reorganization" within the meaning of Section 368(a) of the Code;

the non-occurrence of any event or development having a material adverse effect on LaBranche since February 16, 2011; and

the receipt, and continued validity, of all required governmental entity consents and approvals, as well as the expiration of all statutory waiting periods in respect thereof.

**Termination of the Merger Agreement (see page 103)**

The merger agreement may be terminated at any time prior to the effective time of the merger, and, except as described below, whether before or after the receipt of the required stockholder approvals, under the following circumstances:

by mutual written consent of LaBranche and Cowen;

by either LaBranche or Cowen:

if the merger is not consummated by August 31, 2011; provided, however, that this right to terminate the merger agreement will not be available to any party whose failure to fulfill any obligation under the merger agreement has been the primary cause of the failure to close by the termination date;

if any governmental entity issues a final and nonappealable order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting or making illegal the consummation of the merger or any other transaction contemplated by the merger agreement, provided, that the party seeking to terminate pursuant to this right used its commercially reasonable efforts to remove such restraint or prohibition; and that this right to terminate the merger agreement will not be available to any party whose breach of any provision of the merger agreement results in the imposition of such order, decree or ruling or the failure of such order, decree or ruling to be resisted, resolved or lifted;

if the LaBranche stockholders fail to approve and adopt the merger agreement and approve the merger at the LaBranche special meeting;

if the Cowen stockholders fail to approve the Cowen stock issuance at the Cowen special meeting;

by Cowen (i) if prior to the LaBranche special meeting the board of directors of LaBranche withdraws or adversely changes its recommendation of the merger agreement or the merger, (ii) LaBranche fails to call or hold the LaBranche special meeting, or (iii) LaBranche intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche if (i) prior to the Cowen special meeting the board of directors of Cowen withdraws or adversely changes its recommendation of the Cowen stock issuance, (ii) Cowen fails to call or hold the Cowen special meeting, or (iii) Cowen intentionally and materially breaches any of its obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals";

by LaBranche upon a breach of any representation, warranty, covenant or agreement on the part of Cowen contained in the merger agreement such that the conditions to LaBranche's

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obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, LaBranche does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by Cowen upon a breach of any representation, warranty, covenant or agreement on the part of LaBranche contained in the merger agreement such that the conditions to Cowen's obligations to complete the merger are not satisfied and that either (i) the breach is not reasonably capable of being cured or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured, such breach has not been cured prior to the earlier of (a) 30 days following notice of such breach or (b) the termination date. However, Cowen does not have this right to terminate the merger agreement if it is then in material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;

by LaBranche if, concurrently, it (i) enters into a definitive agreement with respect to a superior proposal after complying with its applicable obligations under the merger agreement regarding third-party acquisition proposals as described under the section titled "The Merger Agreement No Solicitation of Alternative Proposals", and (ii) pays Cowen a termination fee of \$6,250,000.

**Termination Fees and Expenses (see page 105)**

Generally, all fees and expenses incurred in connection with the negotiation and completion of the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in the merger agreement. Upon termination of the merger agreement under qualifying circumstances, LaBranche or Cowen, as the case may be, will be required to pay the other party a termination fee of \$6,250,000 in certain circumstances and, in certain other circumstances, expenses of the other party up to \$1,500,000. See the section titled "The Merger Agreement Termination Fees and Expenses; Liability for Breach" beginning on page 105 for a more complete discussion of the circumstances under which LaBranche or Cowen may be required to pay the termination fee and expenses.

**Accounting Treatment (see page 112)**

Cowen prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (which we refer to as GAAP). The merger will be accounted for by Cowen using the acquisition method of accounting. Cowen will allocate the purchase price to the fair value of LaBranche's tangible and intangible assets and liabilities at the acquisition date, with the excess/shortfall purchase price being recorded as goodwill/gain on bargain purchase.

**No Appraisal Rights (see page 137)**

Appraisal rights are statutory rights that enable stockholders to dissent from an extraordinary transaction, such as a significant business combination, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Under Delaware law, holders of LaBranche common stock are not entitled to dissenters' appraisal rights in connection with the merger. Since Cowen is not a party to the merger, holders of Cowen Class A common stock are also not entitled to dissenters' appraisal rights in connection with the merger under Delaware law. See the section entitled "No Appraisal Rights" beginning on page 137.

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**Comparison of Stockholder Rights and Corporate Governance Matters (see page 131)**

LaBranche stockholders receiving merger consideration will have different rights once they become stockholders of Cowen due to differences between the governing corporate documents of LaBranche and the governing corporate documents of Cowen. These differences are described in detail under the section entitled "Comparison of Rights of LaBranche Stockholders and Cowen Stockholders" beginning on page 131.

**Listing of Shares of Cowen Class A common stock; Delisting and Deregistration of Shares of LaBranche Common Stock (see page 89)**

It is a condition to the completion of the merger that the shares of Cowen Class A common stock to be issued to LaBranche stockholders pursuant to the merger be authorized for listing on the NASDAQ Global Market System (or any successor inter-dealer quotation system or stock exchange thereto) at the effective time of the merger. Upon completion of the merger, shares of LaBranche common stock currently listed on the New York Stock Exchange will cease to be listed on the New York Stock Exchange and will be subsequently deregistered under the Exchange Act.

**Voting Agreements (see page 107)**

Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all of the shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement, to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately % of the outstanding shares of LaBranche common stock.

RCG has entered into an agreement with LaBranche to vote all of the shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date for the Cowen special meeting, RCG held approximately % of the issued and outstanding Cowen Class A common stock.

**The Meetings**

**The LaBranche Special Meeting (see page 48)**

The special meeting of LaBranche stockholders is scheduled to be held at the \_\_\_\_\_ on \_\_\_\_\_, 2011 at \_\_\_\_\_, local time. The special meeting of LaBranche's stockholders is being held in order to consider and vote on:

the proposal to approve and adopt the merger agreement and approve the merger;

the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

Only holders of record of LaBranche common stock at the close of business on \_\_\_\_\_, the record date for the LaBranche special meeting, are entitled to notice of, and to vote at, the LaBranche special meeting or any adjournments or postponements thereof. At the close of business on the record date, \_\_\_\_\_ shares of LaBranche common stock were outstanding, approximately % of which were held by LaBranche's directors and executive officers.

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Three of LaBranche's directors and executive officers, George M.L. LaBranche IV, William J. Burke, III and Alfred O. Hayward, Jr., have entered into a voting agreement with Cowen pursuant to which they have agreed to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the parties to the LaBranche stockholders' agreement held approximately % of the outstanding shares of LaBranche common stock. LaBranche currently expects that LaBranche's remaining directors and executive officers, who are not party to the voting agreement, will vote their shares in favor of the proposal to adopt the merger agreement, although none of them has entered into any agreement obligating them to do so.

You may cast one vote for each share of LaBranche common stock you own. The proposal to approve and adopt the merger agreement and approve the merger requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock. If it is necessary or appropriate to solicit additional proxies if there are not sufficient votes to approve the proposal to approve and adopt the merger agreement and approve the merger, the LaBranche stockholders, by the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, whether or not a quorum is present, may adjourn the meeting to another time or place without notice other than announcement at the meeting unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**The Cowen Special Meeting (see page 52)**

The special meeting of Cowen stockholders will be held at the , on , 2011, at , local time. The special meeting of Cowen stockholders is being held to consider and vote on:

the proposal to approve the Cowen stock issuance; and

the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Completion of the merger is conditioned on approval of the Cowen stock issuance.

Only holders of record of Cowen Class A common stock at the close of business on , 2011, the record date for the Cowen special meeting, are entitled to vote at the Cowen special meeting or any adjournments or postponements thereof. At the close of business on the record date, shares of Cowen Class A common stock were issued and outstanding.

RCG has entered into an agreement with LaBranche to vote all of the shares of Cowen Class A common stock owned by RCG at the time of the Cowen special meeting in favor of the Cowen stock issuance. At the close of business for the record date for the Cowen special meeting, RCG held approximately % of the issued and outstanding Cowen Class A common stock.

You may cast one vote for each share of Cowen Class A common stock you own. The proposal to approve the Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen capital stock present in person or represented by proxy and entitled to vote on the proposal. If necessary to solicit additional proxies if there are not sufficient votes to approve the Cowen stock issuance, the holders of a majority of the shares of Cowen Class A common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, may

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adjourn the Cowen special meeting to another time or place without further notice unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each Cowen stockholder of record entitled to vote at the Cowen special meeting.

**Voting by LaBranche and Cowen Directors and Executive Officers (see pages 51 and 54)**

On the record date for the LaBranche special meeting, the directors and executive officers of LaBranche and their affiliates (excluding Messrs. LaBranche, Hayward and Burke) owned and were entitled to vote \_\_\_\_\_ shares of LaBranche's common stock, representing \_\_\_\_\_ % of the outstanding LaBranche common stock. Each of George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche) has entered into an agreement with Cowen to vote all of the shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement, to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business for the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the other LaBranche stockholders party to the LaBranche stockholders' agreement held approximately \_\_\_\_\_ % of the outstanding shares of LaBranche common stock. For more details, see "Voting Agreements" beginning on page 107.

On the record date for the Cowen special meeting, the directors and executive officers of Cowen and their affiliates owned and were entitled to vote \_\_\_\_\_ shares of Cowen's Class A common stock, representing \_\_\_\_\_ % of the outstanding Cowen Class A common stock.



Table of Contents**Selected Historical Consolidated Financial Data****Selected Consolidated Historical Financial Data of LaBranche**

The following table presents LaBranche's selected historical consolidated financial data as of and for the years ended December 31, 2010, 2009, 2008, 2007, and 2006. You should read this information in conjunction with LaBranche's consolidated financial statements and related notes included in LaBranche's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated by reference in this document and from which this information is derived. See the section titled "Where You Can Find More Information" beginning on page 140.

	For Year Ended December 31,				
	2010	2009	2008	2007	2006
	(in thousands, except per share data)				
<b>Consolidated Statements of Operations</b>					
<b>Data:</b>					
<b>Revenues:</b>					
Net gain on trading	\$ 29,769	\$ 42,992	\$ 50,617	\$ 142,640	\$ 322,953
Commissions and other fees	12,101	29,957	26,035	23,013	33,884
Interest	1,970	2,031	67,011	216,320	166,183
Other	950	3,998	2,741	3,212	1,224
<b>Total revenues</b>	<b>44,790</b>	<b>78,978</b>	<b>146,404</b>	<b>385,185</b>	<b>524,244</b>
Interest expense	16,341	45,146	119,051	302,510	239,555
<b>Total revenues, net of interest expense</b>	<b>28,449</b>	<b>33,832</b>	<b>27,353</b>	<b>82,675</b>	<b>284,689</b>
<b>Expenses:</b>					
Employee compensation and benefits	27,117	39,757	108,231	55,522	47,193
Early extinguishment of debt	7,192	(762)	5,395		
Other	39,487	62,265	67,130	61,630	58,708
<b>Total expenses</b>	<b>73,796</b>	<b>101,260</b>	<b>180,756</b>	<b>117,152</b>	<b>105,901</b>
<b>(Loss) income from continuing operations before (benefit) provision for income taxes</b>	<b>\$ (45,347)</b>	<b>\$ (67,428)</b>	<b>\$ (153,403)</b>	<b>\$ (34,477)</b>	<b>\$ 178,788</b>
<b>(Loss) income from discontinued operations before (benefit) provision for income taxes</b>	<b>\$ (352)</b>	<b>\$ (68,532)</b>	<b>\$ 39,023</b>	<b>\$ (487,248)</b>	<b>\$ 58,224</b>
<b>Net (loss) income</b>	<b>\$ (62,357)</b>	<b>\$ (97,820)</b>	<b>\$ (65,963)</b>	<b>\$ (350,474)</b>	<b>\$ 136,804</b>
<b>Basic and diluted earnings (loss) per share data:</b>					
Continuing operations	\$ (1.52)	\$ (0.71)	\$ (1.45)	\$ (5.71)	\$ 2.22
Discontinued operations	\$ 0.09	\$ (1.07)	\$ 0.38		
<b>Total operations</b>	<b>\$ (1.43)</b>	<b>\$ (1.78)</b>	<b>\$ (1.07)</b>	<b>\$ (5.71)</b>	<b>\$ 2.22</b>

As of December 31,

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	2010	2009	2008	2007	2006
	(in thousands)				
<b><i>Consolidated Statements of Financial Condition Data:</i></b>					
Total assets	\$ 1,292,763	\$ 3,701,832	\$ 3,731,615	\$ 5,298,591	\$ 5,374,889
Total liabilities	1,084,899	3,380,573	3,288,765	4,770,674	4,500,182
Total stockholders' equity	\$ 207,864	\$ 321,259	\$ 442,850	\$ 527,917	\$ 874,707

Table of Contents**Selected Consolidated Historical Financial Data of Cowen**

The following table presents Cowen's selected historical consolidated financial data as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006. You should read this information in conjunction with Cowen's consolidated financial statements and related notes included in Cowen's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 which is incorporated by reference in this document and from which this information is derived. See the section titled "Where You Can Find More Information" beginning on page 140.

	Year Ended December 31,				
	2010	2009	2008	2007	2006
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues</b>					
Investment banking	\$ 38,965	\$ 10,557	\$	\$	\$
Brokerage	112,217	17,812			
Management fees	38,847	41,694	70,818	73,950	65,635
Incentive income	11,363	1,911		60,491	81,319
Interest and dividends	11,547	477	1,993	16,356	17,189
Reimbursement from affiliates	6,816	10,326	16,330	7,086	4,070
Other revenues	1,936	4,732	6,853	5,086	8,038
<i>Consolidated Funds revenues</i>	12,119	36,392	31,739	25,253	35,897
<b>Total revenues</b>	233,810	123,901	127,733	188,222	212,148
<b>Expenses</b>					
Employee compensation and benefits	194,919	96,592	84,769	123,511	112,433
Non-compensation expense	136,902	69,818	54,856	79,020	54,277
Goodwill impairment			10,200		
<i>Consolidated Funds expenses</i>	8,121	23,581	34,268	21,014	39,300
<b>Total expenses</b>	339,942	189,991	184,093	223,545	206,010
<b>Other income (loss)</b>					
Net gains (losses) on securities, derivatives and other investments	21,980	(2,154)	(2,006)	94,078	54,765
<i>Consolidated Funds net gains (losses)</i>	31,062	20,999	(198,485)	84,846	78,656
<b>Total other income (loss)</b>	53,042	18,845	(200,491)	178,924	133,421
<b>Income (loss) before income taxes</b>	(53,090)	(47,245)	(256,851)	143,601	139,559
Income tax expense (benefit)	(21,400)	(8,206)	(1,301)	1,397	4,814
<b>Net income (loss)</b>	(31,690)	(39,039)	(255,550)	142,204	134,745
Income (loss) attributable to redeemable non-controlling interests in consolidated subsidiaries	13,727	16,248	(113,786)	66,343	74,189
<b>Special allocation to the Managing Member</b>				26,551	21,195
<b>Net income (loss) attributable to Cowen Group stockholders</b>	\$ (45,417)	\$ (55,287)	\$ (141,764)	\$ 49,310	\$ 39,361

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	Year Ended December 31,				
	2010	2009	2008	2007	2006
<b>Consolidated Statements of Financial Condition Data:</b>					
Total assets	\$ 1,247,170	\$ 959,441	\$ 797,831	\$ 2,113,532	\$ 2,468,195
Total liabilities	653,568	255,091	182,003	1,430,029	1,657,992
Redeemable non-controlling interests in consolidated subsidiaries	144,346	230,825	284,936	203,523	514,761
<b>Total stockholders' equity</b>	<b>\$ 449,256</b>	<b>\$ 473,525</b>	<b>\$ 330,892</b>	<b>\$ 479,980</b>	<b>\$ 295,442</b>

Table of Contents**Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen**

The unaudited pro forma condensed combined statement of operations for the fiscal year ended December 31, 2010, gives effect to the merger as if it was completed on January 1, 2010, and includes all adjustments which give effect to the events that are directly attributable to the merger, 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 December 31, 2010 gives effect to the merger as if it had been completed on December 31, 2010 and includes all adjustments which give effect to the events that are directly attributable to the merger and that are factually supportable. This information should be read in conjunction with the annual reports and other information Cowen and LaBranche have filed with the SEC and incorporated by reference in this document and with the unaudited pro forma condensed combined financial statements and related notes included in this document. See sections titled "Where You Can Find More Information" beginning on page 140 and "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 113.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the merger actually been completed at the beginning of each period presented, nor the impact of possible business model changes. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of current market conditions on revenues, cost savings, and asset dispositions, among other factors. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial statements, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial statements is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon the closing of the merger.

	<b>Twelve Months Ended Dec 31, 2010 (in thousands, except per share data)</b>
<b><i>Unaudited Pro Forma Condensed Combined Statements of Operations Data</i></b>	
Total revenues	\$ 235,977
Total expenses	\$ 411,475
Total other income	\$ 83,062
Net loss attributable to stockholders	\$ (105,440)
Net loss per share: basic and diluted	\$ (0.92)
Weighted average common shares: basic and diluted	113,999

	<b>As of December 31, 2010 (in thousands)</b>
<b><i>Unaudited Pro Forma Condensed Combined Statement of Financial Condition Data</i></b>	
Cash and cash equivalents	\$ 122,310
Total assets	\$ 2,544,283
Short-term borrowings and other debt	\$ 31,733
Total liabilities	\$ 1,746,824
Stockholders' equity	\$ 653,113
Redeemable noncontrolling interests	\$ 144,346
Total liabilities and stockholders' equity	\$ 2,544,283

Table of Contents**Unaudited Comparative Per Share Data**

Presented below are Cowen's historical per share data and LaBranche's historical per share data for continuing operations for the year ended December 31, 2010 and unaudited pro forma combined per share data for the year ended December 31, 2010. This information should be read together with the consolidated financial statements and related notes of LaBranche and Cowen that are incorporated by reference in this document and with the unaudited pro forma combined financial data included under "Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen" beginning on page 34. The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position Cowen following the transactions. The historical book value per share is computed by dividing total stockholders' equity (deficit) by the number of shares of common stock outstanding at the end of the period. The unaudited pro forma loss per share of Cowen following the transactions is computed by dividing the unaudited pro forma loss by the unaudited pro forma weighted average number of shares outstanding. The unaudited pro forma book value per share of Cowen following the transactions is computed by dividing total unaudited pro forma stockholders' equity by the unaudited pro forma number of shares of Cowen Class A common stock outstanding at the end of the period.

	<b>LaBranche Historical Twelve Months Ended December 31, 2010</b>	<b>Cowen Historical Twelve Months Ended December 31, 2010</b>	<b>Combined Company Pro Forma Twelve Months Ended December 31, 2010</b>
(in thousands, except per share data)			
<b><i>Basic and diluted net loss per common share</i></b>			
Numerator:			
Net loss attributable to stockholders	\$ (66,024)	\$ (45,417)	\$ (105,440)
Denominator:			
Weighted average shares outstanding for Basic and Diluted EPS	43,541	73,149	113,999
Net loss per common share:			
Basic and Diluted	\$ (1.52)(1)	\$ (0.62)	\$ (0.92)
Book Value per share of common share at December 31, 2010	\$ 4.77	\$ 6.14	\$ 5.73

- (1) Represents basic and diluted loss per common share from continuing operations. The basic and diluted earnings per common share from discontinued operations was \$0.09.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain a number of forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect LaBranche's and Cowen's current beliefs, expectations or intentions regarding future events. Words such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," and similar expressions are intended to identify such forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Consequently, all forward-looking statements made in this joint proxy statement/prospectus are qualified by those risks, uncertainties and other factors.

These factors include, but are not limited to, (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (2) the outcome of any legal proceedings that have been or may be instituted against LaBranche, Cowen or others following announcement of the merger agreement and transactions contemplated therein; (3) the inability to complete the transactions contemplated by the merger agreement due to the failure to obtain the required stockholder approvals; (4) the inability to obtain necessary regulatory approvals required to complete the transactions contemplated by the merger agreement; (5) the risk that the merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the announcement and consummation of the Merger; (6) the ability to recognize the anticipated benefits of the combination of LaBranche and Cowen, including potential cost savings; and (7) the possibility that LaBranche or Cowen may be adversely affected by other economic, business, and/or competitive factors. These risks and uncertainties also include those set forth under "Risk Factors," beginning on page 37.

Actual results may differ materially and reported results should not be considered an indication of future performance. Please reference the SEC filings of LaBranche and Cowen, which are available on their respective web sites, for detailed descriptions of factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements.

LaBranche and Cowen caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Cowen's and LaBranche's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings, as such filings may be amended from time to time. All subsequent written and oral forward-looking statements concerning LaBranche, Cowen, the proposed transactions or other matters and attributable to LaBranche or Cowen or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither Cowen nor LaBranche undertakes any obligation to update publicly any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.

**Prospective Financial Information**

The prospective financial information included in this document was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation, presentation of prospective financial information. The prospective financial information included in this document has been prepared by, and is the responsibility of, Cowen's management. PricewaterhouseCoopers LLP has neither examined nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report referenced in this document relates to Cowen's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

Neither LaBranche nor Cowen assumes any responsibility for the accuracy of the accompanying prospective financial information or expresses any assurance with respect thereto.

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**RISK FACTORS**

*In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risk factors before deciding whether to vote for the proposal to approve and adopt the merger agreement and approve the merger, in the case of LaBranche stockholders, or for the proposal to approve the Cowen stock issuance, in the case of Cowen stockholders. In addition, you should read and consider the risks associated with each of the businesses of LaBranche and Cowen because these risks will relate to Cowen following the completion of the merger. Descriptions of some of these risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, and any amendments thereto, for each of LaBranche and Cowen, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also consider the other information in this document and the other documents incorporated by reference into this document. See the section titled "Where You Can Find More Information" beginning on page 140.*

**Risk Factors Relating to the Merger**

***The transactions are subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to complete the transactions could have material and adverse effects on LaBranche and Cowen.***

The completion of the transactions is subject to a number of conditions, including the approval and adoption of the merger agreement and approval of the merger by the LaBranche stockholders and approval of the Cowen stock issuance, which make the completion and timing of the completion of the merger uncertain. See the section titled "The Merger Agreement Conditions to Completion of the Merger" beginning on page 101 for a more detailed discussion. Also, either LaBranche or Cowen may terminate the merger agreement if the transactions have not been completed by August 31, 2011, unless the failure of the transactions to be completed has resulted from the failure of the party seeking to terminate the merger agreement to perform its obligations.

If the transactions are not completed on a timely basis, or at all, Cowen's and LaBranche's respective ongoing businesses may be adversely affected and, without realizing any of the benefits of having completed the transactions, LaBranche and Cowen will be subject to a number of risks, including the following:

LaBranche and Cowen may be required to pay to the other party a termination fee of \$6,250,000 or, in some cases, expenses of the other party up to \$1,500,000 if the transactions are terminated under qualifying circumstances, as described in the merger agreement;

LaBranche and Cowen will be required to pay their respective costs relating to the transactions, such as legal, accounting, financial advisor and printing fees, whether or not the transactions are completed;

Time and resources committed by Cowen's and LaBranche's respective management to matters relating to the transactions (including, in the case of Cowen, integration planning) could otherwise have been devoted to pursuing other beneficial opportunities;

The market price of Cowen Class A common stock or LaBranche common stock could decline to the extent that the current market price reflects a market assumption that the transactions will be completed; and



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If the merger agreement is terminated and LaBranche's board of directors seeks another business combination, stockholders of LaBranche cannot be certain that LaBranche will be able to find a party willing to enter into a merger agreement on terms equivalent to or more attractive than the terms that Cowen has agreed to in the merger.

***Uncertainty regarding the completion of the merger may cause clients of LaBranche to delay or defer decisions concerning LaBranche and may adversely affect LaBranche's ability to attract and retain key employees.***

The transactions will happen only if stated conditions are met, including, among others, the approval and adoption of the merger agreement and approval of the merger by the LaBranche stockholders, the approval of the Cowen stock issuance by the Cowen stockholders, the receipt of all required regulatory approvals, and the satisfaction of certain financial conditions applicable to LaBranche. Many of the conditions are beyond the control of LaBranche or Cowen. In addition, both LaBranche and Cowen have rights to terminate the merger agreement under various circumstances. As a result, there may be uncertainty regarding the completion of the transactions. This uncertainty may cause clients of LaBranche to delay or defer decisions concerning LaBranche, which could negatively impact revenues, earnings and cash flow of LaBranche, regardless of whether the transactions are ultimately completed. Similarly, uncertainty regarding the completion of the transactions may foster uncertainty among employees about their future roles. This may adversely affect the ability of LaBranche to attract and retain key management, sales, marketing, trading and technical personnel, which could have an adverse effect on LaBranche's ability to generate revenues at anticipated levels prior to the consummation of the merger and/or LaBranche's ability to satisfy certain financial conditions to Cowen's obligations to effect the merger.

***Some of LaBranche's current directors and executive officers have interests in the transactions that may differ from the interests of other LaBranche stockholders and these persons may have conflicts of interest in supporting or recommending that you approve the proposals set forth in this document.***

In considering whether to approve the proposals set forth in this document, you should recognize that some of the members of LaBranche's management and LaBranche's board of directors may have interests in the transactions that differ from, or are in addition to, their interests as stockholders. These interests include, but are not limited to, the following:

George M.L. LaBranche, IV (the current Chairman, Chief Executive Officer and President of LaBranche) and Katherine Elizabeth Dietze (a current director of LaBranche) will each be appointed to the Cowen board of directors at the closing of the merger;

upon completion of the merger, Mr. LaBranche also will also serve as a Senior Managing Director of Cowen. William "Chip" Burke, III, Chief Operating Officer of LaBranche, will also join Cowen as a Senior Managing Director; and

Jeffrey A. McCutcheon, (the current Senior Vice President and Chief Financial Officer of LaBranche) and Stephen H. Gray (the current General Counsel and Corporate Secretary of LaBranche) have agreements with LaBranche that provide for severance benefits if their employment is terminated under certain circumstances following a change in control of LaBranche, such as the merger.

These interests, among others, are described in greater detail in the section titled "The Merger Interests of LaBranche Directors and Executive Officers in the Merger" beginning on page 74. LaBranche's board of directors was aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause LaBranche's directors and executive officers to view the merger proposal differently and more favorably than you may view it.

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***The merger agreement contains provisions that could discourage a potential competing acquiror of either LaBranche or Cowen or could result in any competing proposal being at a lower price than it might otherwise be.***

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict each of Cowen's and LaBranche's ability to solicit, initiate, encourage, facilitate or discuss competing third party proposals for the acquisition of all or a significant portion of their company's assets or capital stock. Further, even if Cowen's board of directors withdraws (or amends or modified in a manner adverse to LaBranche) its recommendation of the Cowen stock issuance, it will still be required to submit the matter to a vote of Cowen's stockholders at Cowen's special meeting. In addition, each party generally has an opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals before the board of directors of the company that has received a third-party proposal may withdraw (or amend or modify in a manner adverse to the other party) its recommendation with respect to the transactions. In some circumstances, upon termination of the merger agreement, one of the parties will be required to pay a termination fee of \$6,250,000 million or expenses up to \$1,500,000 to the other party. See "The Merger Agreement No Solicitation of Alternative Proposals" beginning on page 96, "The Merger Agreement Termination of the Merger Agreement" beginning on page 103 and "The Merger Agreement Termination Fees and Expenses; Liability for Breach" beginning on page 105.

These provisions could discourage a potential third-party acquiror that might have an interest in acquiring all or a significant portion of LaBranche or Cowen from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the transactions or might result in a potential third-party acquiror proposing to pay a lower price to the stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee or expenses of the other party that may become payable in certain circumstances.

If the merger agreement is terminated and either LaBranche or Cowen determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the transactions.

***The opinions obtained by Cowen's board of directors and LaBranche's board of directors from their respective financial advisors will not reflect changes in circumstances between the signing of the merger agreement and the completion of the transactions.***

Neither Cowen's board of directors nor LaBranche's board of directors has obtained an updated fairness opinion as of the date of this document from their respective financial advisors, nor will they receive one prior to the consummation of the merger. Changes in Cowen's and LaBranche's operations, prospects, general market and economic conditions and other factors that may be beyond the control of LaBranche and Cowen, and on which the fairness opinions were based, may significantly alter the value of LaBranche or Cowen or the prices of shares of Cowen Class A common stock or LaBranche common stock by the time the transactions are completed. The opinions do not speak as of the time the transactions will be completed or as of any date other than the dates of such opinions. Because neither Cowen nor LaBranche currently anticipates asking its financial advisors to update their respective opinions, the opinions do not address the fairness of the exchange ratio, from a financial point of view, at the time the transactions are completed. For a description of the opinions that the Cowen board of directors received from its financial advisors and a summary of the material financial analyses they provided to the Cowen board of directors in connection with rendering such opinions, please refer to "The Merger Opinion of Cowen's Financial Advisor" beginning on page 77. For a description of the opinions that the LaBranche board of directors received from its financial advisors and a summary of the material financial analyses they provided to the LaBranche board of directors in connection with rendering such opinions, please refer to "The Merger Opinion of LaBranche's

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Financial Advisor" beginning on page 67. The opinions are included as Annexes B and C to this joint proxy statement/prospectus.

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Cowen's or LaBranche's stock price.***

Upon closing of the merger, each share of LaBranche common stock will be converted into the right to receive 0.9980 shares of Cowen Class A common stock. This exchange ratio will not be adjusted for changes in the market price of either Cowen Class A common stock or LaBranche common stock between the date of signing the merger agreement and completion of the transactions. Changes in the price of Cowen Class A common stock prior to the merger will affect the value of Cowen Class A common stock that LaBranche common stockholders will receive on the closing date of the merger. The exchange ratio will be adjusted appropriately to fully reflect the effect of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination, exchange of shares or other similar event with respect to the shares of either Cowen Class A common stock or LaBranche common stock prior to the closing of the merger.

The prices of Cowen Class A common stock and LaBranche common stock at the closing of the merger may vary from their prices on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of each stockholder meeting. As a result, the value represented by the exchange ratio will also vary.

These variations could result from changes in the business, operations or prospects of LaBranche or Cowen prior to or following the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of LaBranche or Cowen. At the time of the special stockholders meetings, LaBranche stockholders will not know with certainty the value of the shares of Cowen Class A common stock that they will receive upon completion of the merger.

***Two lawsuits have been filed against LaBranche and Cowen challenging the merger and an adverse ruling may prevent the merger from being completed.***

LaBranche and Cowen, as well as the members of LaBranche's board of directors, were named as defendants in two lawsuits brought by LaBranche stockholders challenging the proposed merger and seeking, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed-upon terms. Additional lawsuits may be filed against LaBranche, Cowen and/or the directors of either company in connection with the merger. See "The Merger - Litigation Related to the Merger" beginning on page 89 for more information about the lawsuits that have been filed related to the merger.

One of the conditions to the closing of the merger is that no order, injunction, decree or other legal restraint or prohibition shall be in effect that prevents completion of the merger. Consequently, if a settlement or other resolution is not reached in the lawsuits referenced above and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting the defendants' ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected time frame or at all. There can be no assurance that LaBranche, Cowen or any of the other defendants will be successful in the outcome of any of these pending or potential future lawsuits.

***If the merger and the second-step merger, taken together, do not qualify as a reorganization under Section 368(a) of the Code, the stockholders of LaBranche may be required to pay substantial U.S. federal income taxes.***

As a condition to the completion of the merger, each of Willkie Farr & Gallagher LLP, tax counsel to Cowen, and Weil, Gotshal & Manges LLP, tax counsel to LaBranche, will have delivered an opinion,

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dated as of the closing date of the merger, that the merger and the second-step merger, taken together, will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code and that each of LaBranche and Cowen will be a party to the reorganization within the meaning of Section 368(b) of the Code. These opinions will be based on certain assumptions and representations as to factual matters from LaBranche and Cowen, as well as certain covenants and undertakings made by LaBranche and Cowen to each other. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or is violated, the validity of the conclusions reached by counsel in their opinions could be jeopardized. Additionally, an opinion of counsel represents counsel's legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court will not sustain such a challenge. If the IRS or a court determines that the merger and the second-step merger should not be treated as a "reorganization," a holder of LaBranche common stock could recognize taxable gain upon the exchange of LaBranche common stock for Cowen Class A common stock pursuant to the merger. See "Material U.S. Federal Income Tax Consequences" beginning on page 109.

**Risk Factors Relating to Cowen Following the Merger**

*Although Cowen expects that Cowen's acquisition of LaBranche will result in benefits to Cowen, Cowen may not realize those benefits because of integration difficulties and other challenges.*

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

Potential difficulties the combined company may encounter in the integration process include the following:

- the integration of management teams, strategies, technologies and operations, products and services;
- the disruption of 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; and
- potential unknown liabilities associated with the merger.

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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

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other data sources. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved.

***The transactions are subject to the receipt of consents and approvals from government entities that may impose conditions that could have an adverse effect on Cowen following the transactions.***

Before the transactions may be completed, approvals or consents must be obtained from various domestic and foreign securities, antitrust and other authorities. In deciding whether to grant these approvals, the relevant governmental entity will make a determination of whether, among other things, the transactions are in the public interest. Regulatory entities may impose conditions on the completion of the transactions or require changes to the terms of the transactions or could impose restrictions on the conduct of business(es) of Cowen following consummation of the merger. Although the parties do not currently expect that any such material conditions, restrictions or changes would be imposed, there can be no assurance that they will not be, and such conditions, restrictions or changes could have the effect of delaying completion of the transactions or imposing additional costs on or limiting the revenues of the combined company following the transactions, any of which might have a material adverse effect on Cowen following the transactions. See the section titled "The Merger Regulatory Clearances Required for the Merger" beginning on page 87.

***LaBranche is in a different business line than Cowen and there are no guarantees that management of the combined company will be able to successfully integrate the business lines of LaBranche and Cowen.***

The transactions involve the combination of two companies that currently operate in different business lines. LaBranche is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges. Cowen has an alternative asset management services practice, with products including hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services, and has a financial services practice, including investment banking, equity research, and a sales and trading platform for institutional investors. Cowen cannot guarantee that Cowen will integrate and operate the business lines of LaBranche and Cowen to achieve the cost savings and other benefits anticipated to result from the transactions.

***Current Cowen stockholders and LaBranche stockholders will have a reduced ownership and voting interest after the transactions and will exercise less influence over management.***

Current Cowen stockholders currently have the right to vote in the election of Cowen's board of directors and on other matters affecting Cowen. Current LaBranche stockholders currently have the right to vote in the election of LaBranche's board of directors and on other matters affecting LaBranche. Immediately after the transactions are completed, it is expected that current Cowen stockholders will own approximately 64.5% of Cowen and current LaBranche stockholders will own approximately 35.5% of Cowen, respectively. As a result of the transactions, current Cowen stockholders and current LaBranche stockholders will have less influence on the management and policies of Cowen than they now have on the management and policies of LaBranche and Cowen, respectively.

***RCG's significant ownership interest in Cowen could affect the liquidity in the market for Cowen's Class A common stock.***

Immediately after the transactions are completed, it is expected that RCG will own approximately 27.9% of Cowen and therefore will have a significant influence over matters requiring approval by Cowen's stockholders, including in the election of directors and approval of significant corporate

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transactions. Furthermore, RCG's managing member is controlled by certain members of Cowen's senior management, including Peter A. Cohen, Cowen's Chairman and Chief Executive Officer. RCG's concentration of ownership may discourage a third party from proposing a change of control or other strategic transaction concerning Cowen or otherwise have the effect of delaying or preventing a change of control of Cowen that other stockholders may view as beneficial. As a result, Cowen'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.

***Under the amended and restated certificate of incorporation of Cowen, the combined company will be able to issue more shares of common stock than expected to be outstanding immediately after the transactions are completed. As a result, such future issuances of common stock could have a dilutive effect on the earnings per share and voting power of Cowen's stockholders.***

The amended and restated certificate of incorporation of Cowen authorizes a greater number of shares of common stock than expected to be outstanding immediately after the transactions are completed. If the transactions are completed, the combined company will be able to issue more shares of common stock than expected to be outstanding immediately after the transactions are completed. If the board of directors of the combined 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 combined company's stockholders.

***The market price of Cowen's common stock may decline in the future as a result of the transactions.***

The market price of Cowen's common stock may decline in the future as a result of the transactions for a number of reasons, including:

the unsuccessful integration of LaBranche and Cowen; or

the failure of Cowen to achieve the perceived benefits of the transactions, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts.

These factors are, to some extent, beyond the control of Cowen.

***The market price of Cowen's Class A common stock after the transactions will be affected by factors different from those currently affecting the market price of LaBranche's common stock.***

Each of LaBranche and Cowen operates across a range of services and asset classes in which the other party has not historically operated. Accordingly, the operations and the market price of Cowen's Class A common stock, and the market price of LaBranche common stock (in each case until the completion of the transactions), may be affected by factors different from those currently affecting the operations and the market price of LaBranche common stock, respectively. For a discussion of Cowen's businesses and the businesses of LaBranche, see the sections titled "The Companies" beginning on page 46 and "Where You Can Find More Information" beginning on page 140.

***The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this document are preliminary, and Cowen's actual financial position and operations after the transactions may differ materially from the unaudited pro forma financial data included in this document.***

The internal earnings estimates for LaBranche and the unaudited pro forma financial data for Cowen included in this document are presented for illustrative purposes only and are not necessarily indicative of what Cowen's actual financial position or operations would have been had the transactions been completed on the dates indicated. Cowen's actual results and financial position after the

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transactions may differ materially and adversely from the unaudited pro forma financial data included in this joint proxy statement/prospectus. For more information, see the sections titled "Selected Unaudited Pro Forma Condensed Combined Financial Information of LaBranche and Cowen" beginning on page 34.

***Cowen's future results will suffer if the combined company does not effectively manage its expanded operations following the merger.***

Following the merger, Cowen 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. Cowen'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 after completion of the transactions may involve the issuance of additional shares of common stock of Cowen, which may dilute Cowen stockholders' and LaBranche stockholders' ownership of Cowen.

Furthermore, any future acquisitions of businesses or facilities 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.

Neither Cowen nor LaBranche can assure its respective stockholders that Cowen's future expansion or acquisition opportunities will be successful, or that the combined company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

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

BA Alpine Holdings, Inc., its designee on Cowen's board of directors and RCG may have interests that conflict with, or are different from, Cowen's and your own as a stockholder of Cowen. Conflicts of interest between BA Alpine Holdings, Inc. and/or RCG and Cowen may arise, and such conflicts of interest may not be resolved in a manner favorable to Cowen, 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 Cowen Class A common stock. Cowen'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 Cowen will be reserved for or made available to the combined company. Pertinent provisions of law will govern any such matters if they arise.



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**Risks Affecting the Companies Related to the Financial Services Industry**

*Volatility in the value of Cowen's and LaBranche's respective investment and securities portfolios or other assets and liabilities could adversely affect the financial condition or operations of Cowen following the merger.*

LaBranche and Cowen adopted the provisions of ASC 820: Fair Value Measurements and Disclosure (which we refer to as ASC 820) 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 Cowen's and LaBranche's respective investment and securities portfolios or other assets and liabilities, including funds, will result in volatility of the combined firm's results. As a result, the changes in value may have an adverse effect on financial condition or operations in the future.

**Other Risk Factors of LaBranche and Cowen**

Cowen's and LaBranche's businesses are and will be subject to the risks described above. In addition, LaBranche and Cowen are, and will continue to be, subject to the risks described in Cowen's and LaBranche's Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 140 for the location of information incorporated by reference in this joint proxy statement/prospectus.

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**THE COMPANIES**

**LaBranche & Co Inc.**

LaBranche & Co Inc., a Delaware corporation, is the parent corporation of LaBranche Structured Holdings, Inc., the holding company for a group of entities that are market-makers in options and exchange-traded funds, or "ETFs," traded on various exchanges, both domestically and internationally. Historically, and for part of the first quarter of 2011, LaBranche's business principally operated in two separate segments: the market-making segment and the institutional brokerage segment. The entities within LaBranche's market-making segment are market-makers on the NYSE Amex Exchange, the NYSE Arca Exchange, the NYBOT and other exchanges domestically and are market-makers on the London Stock Exchange and Euronext and Eurex exchanges, as well as other on other exchanges and markets internationally. Prior to the sale of LaBranche's New York Stock Exchange designated market maker business on January 22, 2010, LaBranche was also one of the largest specialists/designated market makers on the New York Stock Exchange. As of December 31, 2010, LaBranche's market-making segment was comprised of market makers for 265 ETFs and 295 options. LaBranche's institutional brokerage segment began the process of winding down its business activities in the first quarter of 2011. Previously, the institutional brokerage segment provided securities execution services to institutional clients and professional traders.

LaBranche's common stock is traded on the New York Stock Exchange under the symbol "LAB."

The principal executive offices of LaBranche are located at 33 Whitehall Street, New York, NY 10004 and its telephone number is (212) 425-1144. Additional information about LaBranche and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 140.

**Cowen Group, Inc.**

Cowen Group, Inc., a Delaware corporation, is a diversified financial services firm and, together with its consolidated subsidiaries, provides alternative investment management, investment banking, research, and sales and trading services through its two business segments: alternative investment management and broker-dealer. The alternative investment management segment includes hedge funds, replication products, mutual funds, managed futures funds, fund of funds, real estate, healthcare royalty funds, and cash management services offered primarily under the Ramius name. The broker-dealer segment offers industry focused investment banking for growth-oriented companies including advisory and global credit markets origination and domain knowledge-driven research and a sales and trading platform for institutional investors, primarily under the "Cowen" name.

Cowen's common stock is traded on the NASDAQ Global Select Market under the symbol "COWN."

The principal executive offices of Cowen are located at 599 Lexington Avenue, New York, NY 10022 and its telephone number is (212) 845-7900. Additional information about Cowen and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 140.

**Louisiana Merger Sub, Inc.**

Louisiana Merger Sub, Inc., a wholly owned subsidiary of Cowen Group, Inc., is a Delaware corporation that was formed on February 11, 2011 for the sole purpose of effecting the merger. In the merger, Louisiana Merger Sub, Inc. will be merged with and into LaBranche, with LaBranche continuing as the surviving corporation.

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**Louisiana Merger Sub, LLC**

Louisiana Merger Sub, LLC, a wholly owned subsidiary of Cowen Group, Inc., is a Delaware limited liability company that was formed on February 14, 2011. Immediately following the merger, LaBranche will be merged with and into Louisiana Merger Sub, LLC, with Louisiana Merger Sub, LLC continuing as the surviving company.

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**THE LABRANCHE SPECIAL MEETING**

This section contains information about the special meeting of LaBranche stockholders that has been called to consider and approve the matters listed below.

Together with this document you will be sent a notice of the special meeting and a form of proxy that is solicited by LaBranche's board of directors. The LaBranche special meeting will be held on \_\_\_\_\_, at \_\_\_\_\_ a.m., local time, at \_\_\_\_\_.

**Matters to Be Considered**

At the LaBranche special meeting, LaBranche stockholders will be asked to consider and vote on:

the proposal to approve and adopt the merger agreement and adopt the merger; and

the proposal to adjourn the LaBranche special meeting, if necessary and appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

**Proxies**

Each copy of this document mailed to holders of LaBranche common stock is accompanied by a form of proxy with instructions for voting by mail, by telephone or through the internet. If you hold stock in your name as a stockholder of record and are voting by mail, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the LaBranche special meeting, or at any adjournment or postponement of the special meeting, regardless of whether or not you plan to attend the LaBranche special meeting. You may also vote your shares by telephone or through the internet. Information and applicable deadlines for voting by telephone or through the internet are set forth in the enclosed proxy card instructions.

If your shares are held in "street name" through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or nominee in accordance with its established procedures. If your shares are held in the name of a broker, bank or other nominee and you decide to change your vote by attending the special meeting and voting in person, your vote in person at the special meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your broker, bank or nominee).

If you are the record holder of stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the special meeting. You can do this by timely delivering a signed written notice of revocation to the Secretary of LaBranche, timely delivering a new, valid proxy bearing a later date by submitting instructions through the internet, by telephone or by mail as described on the proxy card or attending the LaBranche special meeting and voting in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy, but simply attending the LaBranche special meeting without voting will not revoke any proxy that you have previously given or change your vote.

Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

LaBranche & Co Inc.  
33 Whitehall Street  
New York, New York 10004  
Attention: Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.



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All shares represented by properly executed, valid proxies received in time for the LaBranche special meeting will be voted at the meeting in the manner specified by the stockholders giving those proxies. **Properly executed proxies that do not contain voting instructions will be voted "FOR" the proposal to approve and adopt the merger agreement and adopt the merger and "FOR" the proposal to adjourn the LaBranche special meeting, if necessary, to solicit additional proxies.** Only shares affirmatively voted for the proposal, and properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the proposal to adopt the merger agreement.

**Solicitation of Proxies**

In accordance with the merger agreement, LaBranche will pay its own cost of soliciting proxies, including the cost of mailing this proxy statement, from its stockholders, except that LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. In addition to solicitation by use of the mails, proxies may be solicited by LaBranche's directors, officers and employees in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation. LaBranche has retained the services of Morrow & Co., LLC to assist in the solicitation of proxies for an estimated fee of \$7,500 plus out-of-pocket expenses. LaBranche will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. LaBranche will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

**Record Date**

Only holders of record of LaBranche common stock at the close of business on \_\_\_\_\_, 2011, the record date for LaBranche's special meeting, will be entitled to notice of, and to vote at, LaBranche's special meeting or any adjournments or postponements thereof. At the close of business on the record date, \_\_\_\_\_ shares of LaBranche common stock were outstanding and held by \_\_\_\_\_ holders of record. These shares do not include shares of LaBranche's common stock held in LaBranche's treasury, which are not deemed to be outstanding and are not entitled to vote at the LaBranche special meeting.

**Quorum**

No business may be transacted at the special meeting unless a quorum is present. Attendance in person or by proxy at the special meeting of holders of record of a majority of the shares of LaBranche's capital stock issued and outstanding and entitled to vote thereat will constitute a quorum. If a quorum is not present, or if fewer shares of LaBranche common stock are voted in favor of the proposal to approve and adopt the merger agreement and approve the merger than the number required for its approval and adoption, the special meeting may be adjourned to allow additional time for obtaining additional proxies or votes.

Abstentions (shares of LaBranche common stock for which proxies have been received but for which the holders have abstained from voting) and broker non-votes will be included in the calculation of the number of shares of LaBranche common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

If it is necessary or appropriate to solicit additional proxies if there are not sufficient votes to approve the proposal to approve and adopt the merger agreement and approve the merger, the LaBranche stockholders, by the affirmative vote of holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting and entitled to vote, whether or not a quorum is present, may adjourn the meeting to another time or

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place without notice other than announcement at the meeting unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Vote Required**

Holders of record of LaBranche common stock on the record date are entitled to one vote per share at the special meeting on each proposal. Each of the proposals has the following vote requirement in order to be approved:

approval of the proposal to adopt and approve the merger agreement and approve the merger requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock; and

the proposal to adjourn the LaBranche special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal requires the affirmative vote of the holders of a majority of the outstanding shares of LaBranche common stock present in person or represented by proxy at the LaBranche special meeting even if less than a quorum.

Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention, failure to submit a proxy card or vote in person or a broker non-vote will be treated as a vote "AGAINST" the proposal to approve and adopt the merger agreement and approve the merger;

an abstention will be treated as a vote "AGAINST" the proposal to approve any adjournment of the LaBranche special meeting; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the LaBranche special meeting.

**LaBranche's board of directors urges LaBranche stockholders to promptly vote by completing, dating and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope; calling the toll-free number listed in the proxy card instructions if voting by telephone; or accessing the internet site listed in the proxy card instructions if voting through the internet.** If you hold your stock in street name through a bank or broker, please vote by following the voting instructions of your bank or broker.

Stockholders may also vote at the LaBranche special meeting by ballot. Votes cast at the meeting, in person or by proxy, will be tallied by Morrow & Co., LLC, LaBranche's inspector of election.

At the close of business on the record date for the LaBranche special meeting, \_\_\_\_\_ shares of LaBranche common stock were issued and outstanding, approximately \_\_\_\_\_ % of which were owned and entitled to be voted by George M.L. LaBranche, IV (Chairman, Chief Executive Officer and President of LaBranche), Alfred O. Hayward, Jr. (Executive Vice President of LaBranche) and William J. Burke, III (Chief Operating Officer of LaBranche). In connection with the execution of the merger agreement, Cowen entered into a voting agreement with Messrs. LaBranche, Hayward and Burke, pursuant to which each individual agreed to vote all shares of LaBranche common stock owned by that individual at the time of the LaBranche special meeting in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward will direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and

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Hayward and the parties to the LaBranche stockholders' agreement held approximately % of the outstanding shares of LaBranche common stock.

**Voting Power of LaBranche's Directors and Executive Officers**

At the close of business on the LaBranche record date, directors and executive officers of LaBranche and their affiliates were entitled to vote shares of LaBranche common stock, or approximately % of the shares of LaBranche common stock outstanding on that date.

Three of LaBranche's directors and executive officers, George M.L. LaBranche IV, William J. Burke, III and Alfred O. Hayward, Jr., have entered into a voting agreement with Cowen pursuant to which they have agreed to, among other things, vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. In addition, Messrs. LaBranche and Hayward have agreed to direct the parties to the LaBranche stockholders' agreement to vote all of their shares in favor of approval and adoption of the merger agreement and approval of the merger. Collectively, at the close of business on the record date for the LaBranche special meeting, Messrs. LaBranche, Burke and Hayward and the parties to the LaBranche stockholders' agreement held approximately % of the outstanding shares of LaBranche common stock. LaBranche currently expects that LaBranche's remaining directors and executive officers, who are not party to the voting agreement, will vote their shares in favor of the proposal to adopt the merger agreement, although none of them has entered into any agreement obligating them to do so. See the section entitled "Voting Agreements LaBranche Voting Agreement" beginning on page 107.

**Recommendation of LaBranche's Board of Directors**

The LaBranche board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of LaBranche and its stockholders. The LaBranche board of directors unanimously recommends that LaBranche stockholders vote "FOR" the proposal to approve and adopt the merger agreement and approve the merger and "FOR" the adjournment of the special meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve and adopt the merger agreement and approve the merger at the time of the special meeting. See "The Merger LaBranche Reasons for the Merger; Recommendation of LaBranche's Board of Directors" beginning on page 64 of this joint proxy statement/prospectus.

**Attending the LaBranche Special Meeting**

All holders of LaBranche common stock, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominee, are invited to attend the LaBranche special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you to be admitted. LaBranche reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.



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**THE COWEN SPECIAL MEETING**

This section contains information about the special meeting of Cowen stockholders that has been called to consider and approve the Cowen stock issuance.

Together with this document you will be sent a notice of the special meeting and a form of proxy that is solicited by Cowen's board of directors. The Cowen special meeting will be held on \_\_\_\_\_, at \_\_\_\_\_ a.m., local time, at \_\_\_\_\_.

**Matters to Be Considered**

The purpose of the Cowen special meeting is to vote on:

a proposal to approve the Cowen stock issuance; and

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

**Proxies**

Each copy of this document mailed to holders of Cowen Class A common stock is accompanied by a form of proxy with instructions for voting by mail, by telephone or through the internet. If you hold stock in your name as a stockholder of record and are voting by mail, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the Cowen special meeting, or at any adjournment or postponement of the special meeting, regardless of whether or not you plan to attend the Cowen special meeting. You may also vote your shares by telephone or through the internet. Information and applicable deadlines for voting by telephone or through the internet are set forth in the enclosed proxy card instructions.

If you hold your stock in street name through a bank, broker, trust company or other nominee, you must direct your bank, broker, trust company or other nominee to vote in accordance with the instructions you have received from your bank, broker, trust company or other nominee.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted at the special meeting by signing and returning a proxy card with a later date by internet or telephone before the deadline stated on the proxy card, by delivering a proxy card with a later date or a written notice of revocation to Cowen's corporate secretary, which must be received by us before the time of the special meeting, or by voting in person at the special meeting.

Any stockholder entitled to vote in person at the Cowen special meeting may vote in person regardless of whether or not a proxy has been previously given, but simply attending the Cowen special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Cowen Group, Inc.  
599 Lexington Avenue  
New York, New York 10022  
Attention: Owen S. Littman, General Counsel and Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

All shares represented by valid proxies that are received through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via the internet or telephone. **If you make no specification on your proxy card as to how you want your shares**



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**voted, your proxy will be voted "FOR" the approval of the Cowen stock issuance and "FOR" the proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies.** According to the Cowen amended and restated by-laws, only such business that is specified in Cowen's notice of the meeting may be conducted at a special meeting of stockholders.

**Solicitation of Proxies**

In accordance with the merger agreement, Cowen will bear the entire cost of proxy solicitation for the Cowen special meeting, except that LaBranche and Cowen will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. Cowen has retained MacKenzie Partners, Inc. to aid in the solicitation of proxies for a fee of \$30,000 plus out-of-pocket expenses. If necessary, Cowen may use several of its regular employees, who will not be specially compensated, to solicit proxies from Cowen stockholders, either personally or by telephone, facsimile, letter or other electronic means. Cowen will also request that banks, brokers, and other record holders forward proxies and proxy material to the beneficial owners of Cowen common stock and secure their voting instructions and Cowen will provide customary reimbursement to such firms for the cost of forwarding these materials.

**Record Date**

The close of business on \_\_\_\_\_, 2011 has been fixed as the record date for determining the Cowen stockholders entitled to receive notice of and to vote at the Cowen special meeting. At that time, \_\_\_\_\_ shares of Cowen Class A common stock were outstanding, held by approximately \_\_\_\_\_ holders of record.

**Quorum**

Stockholders who hold shares representing at least a majority of the issued and outstanding shares entitled to vote at the Cowen special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Cowen special meeting. The holders of a majority of the shares entitled to vote and present in person or represented by proxy at the Cowen special meeting, whether or not a quorum is present, may adjourn the Cowen special meeting to another time and place. At any adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the original meeting. Notice of any adjourned meeting need not be given except by announcement at the meeting.

Abstentions and broker non-votes will be included in the calculation of the number of shares of Cowen Class A common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

**Vote Required**

Each share of Cowen Class A common stock outstanding on the record date for the Cowen special meeting entitles the holder to one vote on each matter to be voted upon at the Cowen special meeting. Each of the proposals has the following vote requirement in order to be approved:

approval of the Cowen stock issuance requires the affirmative vote of holders of a majority of the outstanding shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting and entitled to vote on the proposal; and

approval of the proposal to adjourn the Cowen special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders of a majority of all shares of Cowen Class A common stock present in person or represented by proxy at the Cowen special meeting, even if less than a quorum.

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Abstentions, failures to submit a proxy card or vote in person and broker non-votes will be treated in the following manner with respect to determining the votes received for each of the proposals:

an abstention will be treated as a vote "AGAINST" the proposal to approve the issuance the Cowen stock issuance and the proposal to approve any adjournment of the Cowen special meeting;

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve the Cowen stock issuance; and

a failure to submit a proxy card or vote in person or a broker non-vote will have no effect on the proposal to approve any adjournment of the Cowen special meeting.

**Cowen's board of directors urges Cowen stockholders to promptly vote by completing, dating and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope; calling the toll-free number listed in the proxy card instructions if voting by telephone; or accessing the internet site listed in the proxy card instructions if voting through the internet.** If you hold your stock in street name through a bank or broker, please vote by following the voting instructions of your bank or broker.

Stockholders may also vote at the Cowen special meeting by ballot. Votes cast at the meeting, in person or by proxy, will be tallied by Computershare, Cowen's inspector of election.

At the close of business on the record date for the Cowen special meeting, \_\_\_\_\_ shares of Cowen Class A common stock were issued and outstanding, approximately \_\_\_\_\_ % of which were owned and entitled to be voted by RCG. In connection with the execution of the merger agreement, LaBranche entered into a voting agreement with RCG, pursuant to which RCG agreed to vote all of its shares of Cowen Class A common stock in favor of the Cowen stock issuance.

**Voting Power of Cowen's Directors and Executive Officers**

On the record date for the Cowen special meeting, the directors and executive officers of Cowen and their affiliates owned and were entitled to vote \_\_\_\_\_ shares of Cowen's Class A common stock, representing \_\_\_\_\_ % of the outstanding Cowen Class A common stock.

**Recommendation of Cowen's board of directors**

Cowen's board of directors has unanimously approved the merger agreement and the transactions it contemplates, including the Cowen stock issuance. Cowen's board of directors has determined that the merger agreement and the transactions contemplated by it, including the Cowen stock issuance, are advisable and in the best interests of Cowen and its stockholders and unanimously recommends that you vote "FOR" the approval of the Cowen stock issuance and "FOR" the proposal to approve the necessary adjournment of the Cowen special meeting, if necessary, to solicit additional proxies. See the section titled "The Merger Cowen's Reasons for the Merger; Recommendation of Cowen's board of directors" beginning on page 76 for a more detailed discussion of Cowen's board of directors' recommendation.

**Attending the Cowen Special Meeting**

All holders of Cowen Class A common stock, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominee, are invited to attend the Cowen special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you to be admitted. Cowen reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

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**THE MERGER**

**Effects of the Merger**

At the effective time of the merger, Merger Sub, a wholly owned subsidiary of Cowen that was formed for the purpose of effecting the merger, will merge with and into LaBranche, with LaBranche surviving the merger and becoming a wholly owned subsidiary of Cowen. Immediately following the effective time of the merger, Cowen shall cause LaBranche to be merged with and into Merger Sub LLC, a wholly owned subsidiary of Cowen, with the separate corporate existence of LaBranche ceasing and Merger Sub LLC continuing as the surviving company.

In the merger, each outstanding share of LaBranche common stock (other than any shares owned by LaBranche, which shares will be cancelled) will be converted into the right to receive 0.9980 shares of Cowen Class A common stock, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Cowen Class A common stock on the NASDAQ Global Select Market on February 16, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$4.71 in value for each share of LaBranche common stock. Based on the closing price of Cowen Class A common stock on \_\_\_\_\_, 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ \_\_\_\_\_ in value for each share of LaBranche common stock. Cowen stockholders will continue to hold their existing Cowen shares.

**Background of the Merger**

The board of directors of LaBranche (which we refer to as the LaBranche Board) has from time to time in recent years reviewed and evaluated potential strategic alternatives with LaBranche's senior management, including, but not limited to, possible business combination transactions, LaBranche's standalone business plan and prospects, and potential and implemented stock repurchase plans.

For the substantial majority of LaBranche's history, LaBranche operated as a cash equity specialist on the New York Stock Exchange through its subsidiary, LaBranche & Co. LLC. Until 2002, substantially all of LaBranche's revenues and profits were generated by this specialist business. In 2002, LaBranche formed LaBranche Structured Products, LLC to engage as a specialist in options and derivative products such as ETFs on the American Stock Exchange. In 2004, LaBranche also formed LaBranche Structured Products Specialists LLC to engage as a specialist in ETFs listed on the New York Stock Exchange. This generated revenues in businesses that utilized LaBranche's trading and market expertise while diversifying LaBranche's business away from its core cash equity specialist business on the New York Stock Exchange. Over the course of the next several years, LaBranche's cash equity specialist business was adversely impacted by changes to the market structure of the New York Stock Exchange and an increase in stocks being traded on multiple exchanges and electronically in the over-the-counter market and through alternative trading systems or "ATs". LaBranche's cash equity specialist business also was adversely impacted by declining trading volumes and declining volatility of stock prices, by increased program trading as a percentage of total New York Stock Exchange average daily share volume, and by the decimalization of stock prices, all of which resulted in smaller orders being executed and reduced opportunities for profit by specialists. Block-trading strategies became less prevalent on the New York Stock Exchange, and this also reduced the number of transactions in which the cash equity specialists participated and opportunities for profit. Changes in investor behavior from concentration on individual stocks to alternatives such as sector and index trading, as well as ETFs, also reduced the number of transactions in which cash equity specialists participated and opportunities for profit.

LaBranche accordingly sought to further diversify its businesses away from cash equities and internationally and to expand its market-making businesses in options, futures and ETFs. Therefore, in

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2005, LaBranche formed LaBranche Structured Products Europe Limited and LaBranche Structured Products Hong Kong Limited to engage in market-making in ETFs in international markets. By the third quarter of 2007, LaBranche began to generate more revenue from its options and ETFs activities, domestically and abroad, than its New York Stock Exchange cash equity specialist business. Commencing in 2008, in an effort to further diversify its business, LaBranche sought to grow its institutional brokerage business by making key hires of sales and position traders and increasing market trading in over-the-counter and pink sheets securities and expanding the menu of its institutional brokerage services into leveraged loans, fixed income securities and options execution services to meet the needs and provide more diverse products to its institutional customers. Temporary increases in revenues followed, but LaBranche's institutional brokerage business generated losses due to larger operating costs (including trading costs) and costs related to expanding infrastructure.

In May 2007, the LaBranche Board engaged a mergers and acquisitions advisory and strategic management consulting firm focused on the financial services industry (which we refer to as the Strategic Advisor) to conduct a review of strategic alternatives, including, without limitation, to seek other businesses in which LaBranche could become engaged in order to further leverage its market making expertise and to seek third parties with whom LaBranche could enter into a merger, acquisition or sale transaction that would benefit LaBranche and its stockholders. A number of parties expressed preliminary interest in a potential transaction (in some cases involving only LaBranche's New York Stock Exchange specialist division), but no expression of interest (for either LaBranche or the New York Stock Exchange specialist division) was received at a level the LaBranche Board believed was adequate. In December 2007, the LaBranche Board determined to focus on LaBranche's continuing businesses and cease its strategic alternatives process with the Strategic Advisor. For the fiscal year ended December 31, 2007, LaBranche suffered a U.S. GAAP net loss of \$350.5 million, which included non-cash charges related to the impairment of LaBranche's goodwill and stock listing rights of \$164.1 million and \$335.3 million, respectively.

In 2008, other than a small number of informal expressions of interest by third parties, no new strategic alternatives came to LaBranche's attention. LaBranche's options market-making business had its best year since it commenced operations in 2002, but LaBranche suffered a U.S. GAAP net loss of \$66 million for the fiscal year ended December 31, 2008, which included an unrealized loss on LaBranche's shares of NYSE Euronext, Inc. of \$181.2 million.

In 2009, LaBranche's options market-making business generated significant losses. LaBranche's New York Stock Exchange cash equity specialist business (which in late 2008 and early 2009 moved to the designated market maker or "DMM" model put in place by the New York Stock Exchange at that time) continued to dwindle and, although still profitable, did not generate the profits required to support the public company costs of LaBranche and the payment of interest on LaBranche's outstanding indebtedness. For the fiscal year ended December 31, 2009, LaBranche suffered a U.S. GAAP net loss of \$97.8 million, which included non-cash charges of \$87.6 million related to the impairment of LaBranche's goodwill. During 2009, the LaBranche Board continued to consider strategic alternatives, including remaining a stand-alone company with significantly reduced business activities (including the possibility of disposing of its New York Stock Exchange cash equity specialist business in order to free LaBranche from the significant capital requirements that business imposed on LaBranche), repurchasing all of its remaining indebtedness, repurchasing stock, entering into a transaction with an interested third party if an interested third party could be located, and liquidation.

In November 2009, Barclays Capital Inc., a division of Barclays Bank PLC (which we refer to as Barclays), approached LaBranche regarding a possible strategic relationship involving LaBranche & Co. LLC's DMM operations. These initial discussions evolved into discussions regarding the possible sale of LaBranche & Co. LLC's New York Stock Exchange DMM operations and all of its net DMM positions to Barclays, and ultimately resulted in an asset sale transaction that was announced and completed in January 2010 (which we refer to as the Barclays Transaction). LaBranche received

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\$25 million from the sale transaction plus the value of its net positions in the business. LaBranche also retained approximately \$76 million in cash that had been used to fund its net liquid asset and regulatory capital requirements as a DMM firm.

Following the consummation of the Barclays Transaction, LaBranche focused its business on its market-making operations in ETFs, equity options, foreign currency options and futures, both domestically and internationally, and its institutional brokerage business that provides securities execution, fixed income and other brokerage services to institutional investors. At the same time, LaBranche used available cash, as well as some of the cash released from its net liquid asset and regulatory capital requirements following the Barclays Transaction, to redeem all of its remaining indebtedness, thereby terminating its obligations under the indenture governing its indebtedness and releasing LaBranche from approximately \$21 million of interest payments per year in connection with the indebtedness. LaBranche also continued to repurchase its outstanding capital stock under its Board-authorized repurchase plan.

As 2010 continued, LaBranche's options market-making business continued to generate losses due to continued changes in market structure, widening spreads and the overall unsuccessful trading strategies in that business. LaBranche's foreign currency options market-making, international ETF market making and global derivatives arbitrage trading business generated profits, but these profits were not sufficient to offset the losses of the options market-making business. For the fiscal year ended December 31, 2010, LaBranche suffered an after-tax net loss of \$62.4 million, which included a \$41.7 million non-cash charge for a valuation allowance on LaBranche's deferred tax assets.

During the period from June 2010 through February 16, 2011, senior management of LaBranche and the LaBranche Board continued to discuss and explore alternatives available to LaBranche, including, without limitation, reducing LaBranche's business and portfolio in the trading activities that continued to be unsuccessful and cutting expenses, and instead focusing on the businesses that represented the best opportunities to profit. The LaBranche Board determined that these initiatives would be in the best interests of LaBranche and implemented these measures to improve LaBranche's results and also put it in a better position to consider other business opportunities, including attracting a potential suitor to acquire LaBranche or entering into another business combination transaction.

During the last week of August 2010, one of LaBranche's largest stockholders asked George M.L. LaBranche, IV, LaBranche's Chairman, Chief Executive Officer and President, if the stockholder could give Mr. LaBranche's contact information to representatives at Cowen who had inquired about LaBranche's business. Mr. LaBranche authorized the stockholder to do so. A short time later, Mr. LaBranche received a call from Jeffrey Solomon, Chief Operating Officer and Head of Investment Banking of Cowen. During that call, Messrs. LaBranche and Solomon agreed that Mr. Solomon would come to LaBranche's offices for an introductory meeting with Mr. LaBranche. On or about September 1, 2010, Mr. Solomon, John O'Donohue, Cowen's Head of Sales and Trading, and Thomas O'Mara, Cowen's Head of Equity Derivatives and Convertibles, met with Mr. LaBranche and William J. Burke, III, LaBranche's Chief Operating Officer, at LaBranche's offices. Mr. LaBranche informed Alfred O. Hayward, Jr., a member of the LaBranche Board and Executive Vice President of LaBranche, and each of LaBranche's three outside directors, Katherine Elizabeth Dietze, Donald E. Kiernan and Stuart M. Robbins, concerning this meeting and sought their views and guidance.

On September 8, 2010, Messrs. LaBranche and Hayward went to Cowen's offices and met Peter A. Cohen, Chairman and Chief Executive Officer of Cowen, Mr. Solomon, and Thomas W. Strauss, Chief Executive Officer and President of Ramius LLC, a subsidiary of Cowen (which we refer to as Ramius). On September 27, 2010, LaBranche entered into a confidentiality agreement with Cowen to facilitate Cowen's providing certain information about its business to LaBranche. On September 30, 2010 and October 8, 2010, Messrs. LaBranche, Hayward and Burke attended a second meeting at Cowen's offices, during which members of senior management and business heads of Cowen and Ramius made presentations to Messrs. LaBranche, Burke and Hayward about Cowen's businesses. Mr. LaBranche

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informed each of LaBranche's outside directors concerning these meetings and sought their views and guidance.

During approximately the same period of time (July to October 2010), Mr. LaBranche met a number of times with the senior management of a small unaffiliated brokerage firm (which we refer to as Party A), which had approached one of LaBranche's outside directors in July 2010 and inquired whether LaBranche would be interested in purchasing it. Mr. LaBranche informed each of LaBranche's outside directors concerning these meetings and sought their views and guidance.

On October 12, 2010, Mr. Cohen and Mr. LaBranche met to further discuss a potential strategic transaction. On October 13, 2010, at a regularly scheduled meeting of the LaBranche Board, the LaBranche Board discussed Mr. LaBranche's conversations with Cowen and Party A. The LaBranche Board discussed Cowen and Party A, the strategic rationale behind a transaction with either Cowen or Party A, as well as other possible strategic alternatives. The LaBranche Board authorized management to continue the preliminary discussions that had begun with Cowen and directed management to terminate the preliminary discussions that had begun with Party A due, in part, to the lack of a strategic fit between LaBranche and Party A. Mr. Cohen and Mr. LaBranche had follow up telephone conversations on October 21, 2010 and October 22, 2010 to discuss a potential strategic transaction.

On October 28, 2010, members of Cowen and LaBranche senior management met and continued preliminary discussions regarding a possible strategic relationship. Also on October 28, 2010, LaBranche and Cowen executed a confidentiality agreement to facilitate the mutual exchange of information between LaBranche and Cowen, which superseded the confidentiality agreement entered into on September 27, 2010. General business information and financial results of each of Cowen and LaBranche were exchanged beginning on October 28, 2010.

On November 3, 2010, a telephonic meeting of the audit committee of the LaBranche Board was held with members of LaBranche senior management. The audit committee is comprised of all of the outside directors that serve on the LaBranche Board. A representative of Weil, Gotshal & Manges LLP (which we refer to as Weil), regular counsel to the LaBranche Board, was present. During this meeting, Mr. LaBranche updated LaBranche's outside directors concerning, and answered questions regarding, LaBranche's efforts to streamline its business activities and reduce its expense and LaBranche's continuing discussions with Cowen. Mr. LaBranche stated that discussions with Cowen remained in the initial stage and that he was unsure whether Cowen had any real interest in a transaction or relationship with LaBranche. Following discussion, LaBranche's outside directors authorized LaBranche management to continue discussions with Cowen, while continuing its business reduction and cost-cutting initiatives.

During the period from November 3, 2010 through November 30, 2010, Messrs. LaBranche and Cohen held a number of telephone conversations and met at Cowen's offices on November 18, 2010. During these telephone conversations and the November 18, 2010 meeting, Messrs. LaBranche and Cohen discussed the businesses of each of LaBranche and Cowen and the tax attributes of each company, including net operating losses that could be used by each company in the future. Messrs. LaBranche and Cohen also commenced discussions concerning a potential merger of LaBranche and Cowen based on the relative book values of LaBranche and Cowen at 2010 year-end. During this period, Mr. LaBranche informed each of LaBranche's outside directors concerning these discussions and sought their views and guidance. Based on these discussions, on November 19, 2010, Mr. LaBranche called Mr. Cohen to inform Mr. Cohen that LaBranche was interested in moving forward with a strategic transaction with Cowen.

On November 29, 2010, Cowen sent a full documentary diligence request list to LaBranche, which was in addition to the materials Cowen had been obtaining from LaBranche on an ad hoc basis since October 28, 2010. LaBranche sent a preliminary diligence request list to Cowen on December 13, 2010, which was in addition to the materials LaBranche had been obtaining from Cowen. Each party and its



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advisors conducted due diligence with respect to the other party until the execution of the merger agreement on February 16, 2011, including ongoing due diligence by each party and their respective advisors into the business and operations of each party and certain contingencies, including ongoing litigation.

On November 30, 2010, members of Cowen and LaBranche senior management met to discuss LaBranche's businesses. During the meeting, LaBranche's management provided Cowen with its up-to-date and anticipated operating results on a consolidated basis and for each of LaBranche's business units and also provided Cowen with proposed business plans for each of its business lines going forward.

On December 1, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of Weil present. Mr. LaBranche informed the LaBranche Board that Cowen had expressed interest during the parties' November 30, 2010 meeting in a possible merger transaction with LaBranche. The LaBranche Board discussed Cowen's business and future prospects, and the possibility of a merger of LaBranche and Cowen. The LaBranche Board authorized management to continue discussions with and its due diligence on Cowen and directed management to engage a financial advisor. Mr. LaBranche informed the LaBranche Board that he had had no discussions with Cowen concerning the role he or any other member of LaBranche's senior management would have in a combined entity in the event of a merger. LaBranche's outside directors each expressed the view that Mr. LaBranche should have an important role in any combined company in order to help obtain the benefits that the LaBranche Board sought to achieve in the proposed transaction and instructed Mr. LaBranche to communicate that view to Cowen.

On or about December 3, 2010, LaBranche agreed to engage Keefe, Bruyette & Woods, Inc. (which we refer to as KBW) to serve as its financial advisor in connection with its evaluation of a potential transaction with Cowen. A formal engagement letter was executed on January 7, 2011.

On December 13, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche's senior management present. Mr. LaBranche and other members of management briefed the LaBranche Board concerning the status of discussions with Cowen. The LaBranche Board also discussed the strategic alternatives and opportunities it had considered since 2007. The LaBranche Board also discussed and considered the possibility of liquidating or continuing LaBranche's operations on a standalone basis. Following this discussion, the LaBranche Board authorized management to continue discussions with Cowen.

During the weeks of December 13, 2010 and December 20, 2010, Mr. LaBranche continued discussions with Mr. Cohen and other members of Cowen's senior management concerning LaBranche's fourth quarter results and anticipated reductions in LaBranche's balance sheet in connection with its options market-making portfolio. Representatives of each of LaBranche and Cowen continued to meet and exchange information in their respective due diligence processes, including exchanging trading and risk information as well as information concerning LaBranche's trading technologies. Mr. LaBranche continued to inform each of LaBranche's outside directors concerning these discussions and to seek their views and guidance.

On December 20, 2010, representatives of Cowen senior management provided LaBranche with a summary term sheet outlining the principal terms of a proposed merger (which we refer to as the Term Sheet). The Term Sheet provided, among other things, that (i) the exchange ratio would be based on the relative tangible book value of the companies, subject to certain adjustments and net of deferred tax assets, (ii) the stockholders of LaBranche would receive additional consideration in the form of freely-tradable warrants as compensation for the fair value of the tax benefits that Cowen believed it would be able to utilize over time, (iii) two individuals designated by LaBranche would be appointed to the board of directors of Cowen and (iv) Messrs. LaBranche and Burke would become employees of Cowen, on terms to be determined.

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Later on December 20, 2010, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. At this meeting, representatives of KBW presented their preliminary financial analyses of LaBranche and the proposed transaction, including the implied exchange ratio based on the tangible book value of the respective companies as of September 30, 2010 and the potential dilutive impact of Cowen's issuance of restricted stock units in connection with 2010 compensation. Mr. LaBranche informed the LaBranche Board that he had been told by Cowen that he would be offered employment and a seat on the Cowen board of directors and that Mr. Burke would be offered employment, but that no further specifics had been discussed concerning this subject. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen, including with respect to Mr. LaBranche's and Mr. Burke's employment.

During the period from December 21, 2010 through December 28, 2010, Messrs. LaBranche and Cohen had several telephonic conversations concerning the exchange ratio in the proposed merger, proposed adjustments to the tangible book value of LaBranche reflecting Cowen's views concerning certain deferred tax assets, litigation matters and restructuring matters, and proposed adjustments to the tangible book value of Cowen for potential dilution to LaBranche stockholders resulting from outstanding and future restricted stock unit grants of Cowen. Messrs. Cohen and LaBranche also discussed removing the proposed warrant in order to have an exchange ratio based on the respective tangible book value of each company that would not be subject to any adjustment, which would provide more certainty regarding the value to be received by LaBranche stockholders in the proposed merger.

On December 29, 2010, representatives of Willkie Farr & Gallagher LLP (which we refer to as Willkie), counsel to Cowen, delivered an initial draft of the merger agreement to LaBranche and Weil. The initial draft of the merger agreement provided that, among other things, LaBranche would be required to pay a break-up fee to Cowen equal to 4% of the transaction value and reimburse Cowen's expenses (up to a cap of \$1,750,000) under certain circumstances and that Cowen's obligation to close the merger would be subject to LaBranche meeting certain financial tests related to LaBranche's net worth, cash balance, leverage and risk.

On January 5, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. The LaBranche Board discussed the proposed Cowen transaction in light of LaBranche's existing business plan as well as other strategic alternatives, including liquidation. Representatives of Weil provided the LaBranche Board with an overview of their fiduciary duties under Delaware law in the context of a possible transaction with Cowen as well as an overview of the draft merger agreement, including, among other things, the closing conditions, no shop, fiduciary out and termination and break-up fee provisions. The LaBranche Board discussed the proposed exchange ratio and the status of due diligence. Mr. LaBranche informed the LaBranche Board that the terms of his employment with Cowen had yet to be discussed in detail. LaBranche's outside directors each reiterated their previously expressed views that Mr. LaBranche should play an important role in the combined company and asked that steps be taken before any transaction is entered into to ensure that that would be the case in order to help obtain the benefits that the LaBranche Board sought to achieve in the proposed transaction. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen.

On January 7, 2011, representatives of Weil delivered a revised draft of the merger agreement to Cowen and Willkie. The revised draft of the merger agreement delivered by Weil provided that, among other things, LaBranche would be required to pay a break-up fee to Cowen equal to 2% of the transaction value in certain circumstances, and, in each case, less any expenses reimbursed by LaBranche. The revised draft delivered by Weil also provided that Cowen's obligation to close the merger would not be subject to any type of financial test closing condition and that Cowen would be

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limited in its ability to issue equity between signing of the merger agreement and the closing of the merger.

On January 13, 2011, representatives of Weil and Willkie and members of senior management of LaBranche and Cowen met at Willkie's offices to discuss the draft merger agreement. During this meeting, the parties discussed, among other things, the financial test closing condition, the limitation on Cowen's ability to issue equity between signing of the merger agreement and closing, the termination provisions, the break-up fee and the proposed exchange ratio. Later on January 13, 2011, the LaBranche Board held a regularly scheduled meeting, with members of LaBranche senior management and representatives of KBW and Weil present. Members of LaBranche senior management provided the LaBranche Board with a report concerning the material financial terms of the transaction and the status of negotiations. Representatives of KBW provided an analysis of alternatives to the Cowen transaction, including a possible liquidation of LaBranche and return of capital to stockholders through a liquidating dividend (including the uncertainties associated with a possible liquidation such as runoff costs associated with winding down LaBranche's business, the loss of certain tax benefits and pending litigation claims) and the continuation of operations on a stand alone basis but as an investment company or with significantly reduced business operations. Representatives of KBW discussed the strategic alternatives considered by LaBranche since 2007 based on information provided to KBW by LaBranche. Representatives of Weil and members of LaBranche senior management provided the LaBranche Board a report on the meeting that took place earlier that day and a summary of the key issues discussed at that meeting. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized them to continue negotiations with Cowen.

On January 23, 2011, representatives of Willkie delivered a revised draft of the merger agreement and Cowen's initial draft of the voting agreements to Weil. The revised draft of the merger agreement reinserted the financial test closing conditions proposed in the initial draft of the merger agreement, proposed a break-up fee equal to 3.5% of the transaction value plus the reimbursement of expenses up to a cap of \$1,500,000 and permitted Cowen to issue equity between signing and closing subject to certain limitations.

On January 24, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche's senior management and representatives of KBW and Weil present. Mr. LaBranche and other members of senior management and representatives of KBW provided the LaBranche Board with an update on the transaction, the proposed exchange ratio and the status of due diligence. Representatives of Weil provided an update on the status of the merger agreement and remaining open issues. Following discussion, the LaBranche Board provided guidance to LaBranche senior management and authorized management to continue negotiations with Cowen.

During the period of January 24, 2011 to January 28, 2011, Messrs. LaBranche and Cohen engaged in telephonic discussions concerning the proposed transaction, including, but not limited to, the exchange ratio, dilution protection in connection with future issuances of Cowen stock underlying the outstanding and newly-approved restricted stock unit grants, the relative tangible book values of the companies, potential adjustments to the book values that had previously been discussed and the assets underlying these book values, liabilities being assumed by Cowen, and due diligence requests by each company. In light of the disagreement regarding proposed adjustments to the tangible book values of each company, Messrs. LaBranche and Cohen discussed revising the exchange ratio to be based on pro forma ownership of the combined company, as opposed to relative tangible book value, with LaBranche stockholders owning approximately one-third of the combined company and Cowen stockholders owning approximately two-thirds of the combined company. The discussions then evolved into the aggregate number of shares of Cowen Class A common stock to be received by LaBranche stockholders rather than percentage ownership and Messrs. LaBranche and Cohen reached a tentative agreement on January 28, 2010, on an exchange ratio of 0.998 shares of Cowen Class A common stock for each issued and outstanding share of LaBranche common stock (other than shares held by

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LaBranche in its treasury), subject to the completion of due diligence by each party, negotiation on the remaining outstanding issues in the merger agreement and approval by the board of directors of each company.

On February 1, 2011, representatives of Weil delivered revised drafts of the merger agreement and voting agreements, and an initial draft of the disclosure schedules to the merger agreement, to Cowen and Willkie. The revised draft of the merger agreement provided a financial test closing condition tied to LaBranche's tangible book value and the size of LaBranche's balance sheet, a break-up fee equal to 2.5% of the transaction value less any expenses reimbursed by LaBranche and restricted Cowen's ability to issue equity between signing and closing except in connection with Cowen's issuance of equity awards and shares of common stock in connection with the exercise of existing equity awards between signing and closing.

On February 9, 2011, the LaBranche Board held a special telephonic meeting, with members of LaBranche senior management and representatives of KBW and Weil present. Following updates concerning the status of negotiations and due diligence, members of the LaBranche Board expressed concern regarding the progress of the negotiations, the status of due diligence, and the fact that Cowen had not yet provided information or draft employment agreements for Messrs. LaBranche and Burke. Following discussion concerning these issues and negotiation strategy, the LaBranche Board instructed management to inform Cowen that the LaBranche Board believed that the negotiations were progressing too slowly, was questioning whether