

GLEACHER & COMPANY, INC.  
Form DEF 14A  
April 26, 2012

Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Gleacher & Company, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
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-

Table of Contents

**Gleacher & Company, Inc.**  
**1290 Avenue of the Americas**  
**New York, NY 10104**

April 26, 2012

Dear Stockholder:

Enclosed you will find the notice of our 2012 annual meeting of stockholders and the related proxy statement and proxy card. Please read these materials carefully they provide information, and ask you to take action, on several important matters relating to the governance and operation of your company.

The past year was a significant period of transition for Gleacher & Company. Most notably, in 2011 the Board of Directors appointed a new Chief Executive Officer, Thomas Hughes, and a new Chief Operating Officer, John Griff. Tom, John and the rest of the Company's senior leadership team, as well as most of the members of the Board of Directors, will be in attendance at the Annual Meeting.

Tom Hughes became our CEO in early May and enabled a smooth management transition because of his in-depth familiarity with the financial services industry. Your Board believes that Tom's extensive background in investment banking, asset management and real estate finance, as well as his significant experience as a senior executive at other companies, will provide stable and strong leadership for your Company to move forward successfully and create meaningful value.

John Griff became our COO in July and brings more than 30 years of leadership experience in the financial services industry. John has particular expertise in investment banking, fixed income and asset management, making him well suited to serve as our Chief Operating Officer. We recognize that the past few years have been marked by several executive changes, so your Board is especially pleased that Tom and John have demonstrated a long-term commitment to Gleacher & Company by taking most of their compensation in long-term equity incentives.

While the past year was challenging, the Company made significant progress in a variety of governance and operational areas. In the area of governance, we:

adopted a "majority voting" standard for the election of directors,

created the new position of lead independent director on our Board,

adopted stock ownership guidelines for our executive officers and directors to enhance the alignment of our leadership team with our stockholders,

adopted a policy to "claw-back" incentive compensation based on inaccurately reported financial results, eliminating the incentive for, and therefore reducing the risk of, financial misconduct,

committed to exclude tax "gross up" provisions in future compensation arrangements for our executive officers, and

adopted a more rigorous management succession planning policy.

Additionally, as you know, we developed and are now implementing a new long-term strategic business plan. One of the key components of that plan is to restructure our compensation programs to reduce our compensation-to-revenue ratio while supporting the key objectives of attracting, retaining and incentivizing highly skilled management and revenue-producing personnel. Our new management team has moved decisively to adjust compensation arrangements with the goal of achieving an appropriate balance between stockholder returns and employee incentives. As a result, we expect overall compensation ratios going forward to be more in line with industry standards. Our management team

continues to work on this ongoing initiative.

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Table of Contents

Your Board is committed to maximizing stockholder value with a more focused platform, and we look forward to the Company's continued progress toward achieving this goal.

We look forward to seeing those of you who will be able to attend the Annual Meeting.

Sincerely yours,

Eric J. Gleacher  
*Chairman of the Board*

Bruce Rohde  
*Lead Independent Director*

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Table of Contents

Gleacher & Company, Inc.  
1290 Avenue of the Americas  
New York, NY 10104

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held May 24, 2012**

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NOTICE IS HEREBY GIVEN that the 2012 annual meeting of the stockholders (the "Annual Meeting") of Gleacher & Company, Inc. (the "Company") will be held at the offices of the Company, located at 1290 Avenue of the Americas, New York, NY 10104, at 9:00 a.m., local time, on May 24, 2012, for the following purposes:

- (1) to elect nine individuals to the Board of Directors for a term of one year;
- (2) to approve, on an advisory basis, the compensation of our named executive officers as described herein;
- (3) to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012; and
- (4) to consider and act upon such other business as may properly come before the meeting or any adjournment thereof.

We ask that you give these matters your careful attention.

**The Gleacher & Company, Inc. Board of Directors unanimously recommends that the stockholders vote (1) "FOR" the election of the nine individuals named as nominees under the heading "Election of Directors"; (2) "FOR" the approval, on an advisory basis, of the compensation of our named executive officers as described herein; and (3) "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012.**

Your participation in the Annual Meeting, in person or by proxy, is important. We have recently amended our bylaws to provide that each nominee for director in an uncontested election will be elected if the votes cast "FOR" that nominee exceed the votes cast "AGAINST" that nominee. For either of Proposals 2 and 3 to be approved, such proposal must receive "FOR" votes constituting a majority of the votes cast at the Annual Meeting with respect to shares entitled to vote thereon. Proposals 2 and 3 are submitted to our stockholders on an advisory basis only. The outcome of voting on these proposals will be considered by our Board of Directors but will not be binding on the Company.

Holders of common stock of record as of the close of business on April 18, 2012 are entitled to receive notice of and vote at the Annual Meeting. A list of such stockholders may be examined at the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials:** The Proxy Statement and the Proxy Card relating to the Annual Meeting and the Company's 2012 Annual Report, and any amendments to the foregoing materials that are required to be furnished to stockholders, are available for you to review online at [www.gleacher.com](http://www.gleacher.com) under the heading "Investor Relations Annual Report and Proxy Statement."

If you hold your shares through a broker or other nominee (that is, in "street name"), you cannot vote your shares directly but must instead instruct your broker or other nominee to vote your shares. If you do not give your broker or other nominee voting instructions, your shares will be voted only if your broker or

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Table of Contents

other nominee is allowed to exercise voting discretion with respect to your shares. Under New York Stock Exchange rules, your broker or other nominee is permitted to exercise voting discretion only with respect to "routine" matters. The only "routine" matter to be acted upon at our Annual Meeting is Proposal 3, the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012. Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker or other nominee, your shares will not be counted in determining the outcome of the election of directors or the advisory vote to approve executive compensation. We encourage you to provide voting instructions to your brokers or other nominees if you hold your shares in street name so that your voice is heard in these important matters.

We hope that you are planning to attend the Annual Meeting personally, and we look forward to seeing you there. Whether or not you are able to attend in person, it is important that your shares be represented at the Annual Meeting. For that reason we ask that you promptly sign, date, and mail the enclosed proxy card in the return envelope provided. In addition to using the traditional proxy card, you can also vote over the internet or by telephone. Please refer to your proxy materials or the information forwarded by your bank, broker or other holder of record for detailed information. Stockholders of record who attend the Annual Meeting may revoke any proxy previously given and vote in person.

By Order of the Board of Directors,

Patricia A. Arciero-Craig  
*Secretary*

New York, New York  
April 26, 2012

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Table of Contents

Table of Contents

<b><u>Annual Meeting of Stockholders</u></b>	<u>1</u>
<u>Proxy Solicitation</u>	<u>1</u>
<u>Voting by Proxy, Internet or Telephone</u>	<u>1</u>
<u>Voting, Record Date and Quorum</u>	<u>2</u>
<b><u>Questions and Answers about this Proxy Statement, the Enclosed Proxy Card and Voting</u></b>	<u>3</u>
<b><u>Discussion of Proposals</u></b>	<u>8</u>
<b><u>Proposal 1 Election of Directors</u></b>	<u>8</u>
<b><u>Board of Directors and Corporate Governance</u></b>	<u>8</u>
<u>Majority Voting</u>	<u>8</u>
<u>Directors and Director Nominees of the Company</u>	<u>8</u>
<u>Board Leadership Structure</u>	<u>14</u>
<u>Succession Planning</u>	<u>15</u>
<u>Director Independence</u>	<u>15</u>
<u>Committees of the Board of Directors</u>	<u>15</u>
<u>Board Oversight of Risk Management</u>	<u>19</u>
<u>Stock Ownership Guidelines</u>	<u>19</u>
<u>Code of Business Conduct and Ethics</u>	<u>20</u>
<u>Stockholder Communication with Directors</u>	<u>20</u>
<u>Director Compensation for Fiscal Year 2011</u>	<u>21</u>
<b><u>Proposal 2 Advisory Vote to Approve Executive Compensation</u></b>	<u>23</u>
<b><u>Proposal 3 Ratification of Appointment of Independent Registered Public Accounting Firm</u></b>	<u>24</u>
<u>Audit Committee Report</u>	<u>25</u>
<b><u>Compensation of Executive Officers</u></b>	<u>27</u>
<u>Executive Officers</u>	<u>27</u>
<u>Compensation Discussion and Analysis</u>	<u>29</u>
<u>Anti-Hedging Policy</u>	<u>35</u>
<u>Risk Assessment in Compensation Programs</u>	<u>36</u>
<u>Executive Compensation Committee Report</u>	<u>42</u>
<u>Summary Compensation Table</u>	<u>43</u>
<u>Grants of Plan-Based Awards During Fiscal Year 2011</u>	<u>44</u>
<u>Narrative Disclosure and Employment Agreements</u>	<u>45</u>
<u>Outstanding Equity Awards at End of Fiscal Year 2011</u>	<u>49</u>
<u>Option Exercises and Stock Vested During Fiscal Year 2011</u>	<u>50</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>51</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>56</u>
<b><u>Information About Stock Ownership And Equity Compensation Plans</u></b>	<u>56</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>56</u>
<u>Equity Compensation Plan Information</u>	<u>56</u>
<u>Stock Ownership of Principal Owners and Management</u>	<u>58</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>59</u>
<u>Forward-Looking Statements</u>	<u>60</u>
<u>Other Matters</u>	<u>62</u>

---



Table of Contents

**Gleacher & Company, Inc.  
1290 Avenue of the Americas  
New York, NY 10104**

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**ANNUAL MEETING OF STOCKHOLDERS**

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**Annual Meeting of Stockholders  
May 24, 2012**

This Proxy Statement is being furnished to the stockholders of Gleacher & Company, Inc. (the "Company") in connection with the solicitation by the board of directors (the "Board" or "Board of Directors") of proxies for use at the 2012 annual meeting of stockholders (the "Annual Meeting") to be held at the Company's offices, located at 1290 Avenue of the Americas, New York, NY 10104 at 9:00 a.m., local time, on May 24, 2012, and any postponements or adjournments thereof. The mailing address of the Company's principal offices is 1290 Avenue of the Americas, New York, NY 10104. The telephone number at that address is 212-273-7100. As used in this Proxy Statement, the terms "we," "our," and "us" refer to the Company and its subsidiaries.

At the Annual Meeting, the stockholders of the Company will be asked to:

- (1) elect nine individuals to the Board of Directors for a term of one year;
- (2) approve, on an advisory basis, the compensation of our named executive officers as described herein;
- (3) ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012; and
- (4) to consider and act upon such other business as may properly come before the meeting or any adjournment thereof.

**Proxy Solicitation**

This Proxy Statement and the enclosed form of proxy are expected to be mailed on or about April 26, 2012. In addition to these mailed proxy materials, our directors, officers and other employees may also solicit proxies in person, by telephone or by other means of communication. The Company will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record by such persons.

The distribution and solicitation of proxy materials will also be supplemented through the services of Georgeson Inc., a proxy solicitation firm we have engaged for this purpose.

**Voting by Proxy, Internet or Telephone**

Stockholders who cannot attend the Annual Meeting in person can be represented by proxy. To vote by proxy, stockholders may complete the proxy card in the form enclosed and mail it in the envelope provided. Stockholders can also vote over the internet or by using a toll-free telephone number. Please refer to your proxy card or the information forwarded by your bank, broker or other nominee for detailed information.

Any stockholder giving a proxy may revoke it at any time before it is exercised by giving notice of revocation to the Company's Corporate Secretary, by executing a later-dated proxy, by voting over the internet or by telephone or, for stockholders of record, by attending and voting in person at the Annual Meeting. The execution of a proxy will not affect a stockholder's right to attend the Annual Meeting in person, but attendance at the Annual Meeting will not, by itself, revoke a proxy. Proxies properly completed and received prior to the Annual Meeting and

not revoked will be voted at the Annual Meeting.

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Table of Contents

**Voting, Record Date and Quorum**

Proxies will be voted as specified or, if no direction is indicated on a proxy, will be voted (1) "FOR" the election of the nine individuals named as nominees under the heading "Election of Directors"; (2) "FOR" the approval, on an advisory basis, of the compensation of our named executive officers as described herein; and (3) "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012.

If you hold your shares through a broker or other nominee (that is, in "street name"), you cannot vote your shares directly but must instruct your broker or other nominee to vote your shares. If you do not give your broker or other nominee voting instructions, applicable rules prohibit the broker or other nominee from voting your shares except as to Proposal 3. Thus, if you do not give your broker or nominee specific instructions, your shares will not be voted on other, important matters.

As to any other matter or business which may be brought before the Annual Meeting, including any adjournment(s) or postponement(s), a vote may be cast pursuant to the proxy in accordance with the judgment of the person or persons exercising the proxy. As of the date hereof, the Board does not know of any such other matter or business.

We set forth below the votes required to approve each of the proposals to be submitted to our stockholders at the Annual Meeting. As explained elsewhere, abstentions and broker non-votes will have no effect on the voting results.

Each nominee for director in an uncontested election (that is, where there have been nominated only that number of individuals as there are director positions to be filled) will be elected if the votes cast "FOR" that nominee exceed the votes cast "AGAINST" that nominee. Votes cast with respect to the election of directors do not include abstentions and broker non-votes. In the event of a contested director election (that is, where there are more nominees than there are director positions to be filled), a plurality standard will apply, meaning that the nine nominees receiving the greatest number of votes shall be elected.

To be approved, Proposals 2 and 3 must receive "FOR" votes constituting a majority of the votes cast.

Proposals 2 and 3 are submitted to our stockholders on an advisory basis only. The outcome of voting on these proposals will be considered by our Board of Directors but will not be binding on the Company.

The Board has fixed the close of business on April 18, 2012 as the record date for the determination of stockholders entitled to vote at the Annual Meeting. As of that date, 127,185,696 shares of common stock were outstanding. Each stockholder will be entitled to cast one vote, in person or by proxy, for each share of common stock held. Except for the common stock, the Company does not have any outstanding shares of any series or class of voting securities. The presence, in person or by proxy, of the holders of at least a majority of the shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. As a result, 63,592,849 shares must be represented by stockholders present at the meeting or by proxy to have a quorum. Abstentions and broker non-votes (as described below) will be counted in determining whether a quorum has been reached.

**The Gleacher & Company, Inc. Board of Directors unanimously recommends that the stockholders vote (1) "FOR" the election of the nine individuals named as nominees under the heading "Election of Directors"; (2) "FOR" the approval, on an advisory basis, of the compensation of our named executive officers as described herein; and (3) "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012.**

Table of Contents

**Questions and Answers about this Proxy Statement, the Enclosed Proxy Card and Voting**

The following are some questions that you, as a stockholder of the Company, may have regarding the matters being considered at the Annual Meeting and the answers to those questions. We urge you to read carefully the remainder of this Proxy Statement because the information in this section does not provide all the information that might be important to you with respect to the matters being considered at the Annual Meeting.

**Why am I receiving these materials?**

We sent you this Proxy Statement and the enclosed proxy card because the Board of Directors of the Company is soliciting your proxy to vote at our Annual Meeting to be held on May 24, 2012. You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card. Telephone and internet voting is also available. If you are not a stockholder of record, to vote in person at the Annual Meeting you must obtain and present a valid proxy card from your broker or other nominee. The distinction between stockholders of record and beneficial owners is described below under the heading "Who can vote at the Annual Meeting?"

We intend to mail this Proxy Statement and accompanying proxy card on or about April 26, 2012 to all stockholders of record entitled to vote at the Annual Meeting.

**What am I voting on?**

There are three matters scheduled for a vote at the Annual Meeting:

- (1) the election of nine individuals to the Board of Directors for a term of one year;
- (2) an advisory vote to approve executive compensation; and
- (3) the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012.

Any other matters that properly come before the meeting and any adjournment thereof will also be considered and acted upon.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on April 18, 2012 will be entitled to vote at the Annual Meeting.

***Stockholders of Record: Shares Registered in Your Name***

If, at the close of business on April 18, 2012, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record.

***Beneficial Owners: Shares Registered in the Name of a Broker or Bank***

If, at the close of business on April 18, 2012, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization were not held directly by you but rather held at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares registered in the name of such organization as your nominee, or in "street name," and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting your shares at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other nominee as to how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you will

Table of Contents

not be able to vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other nominee.

**How do I vote?**

For each of the matters to be voted on, you may vote "FOR" or "AGAINST" or abstain from voting. The procedures for voting are as follows:

***Stockholders of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote in person at the Annual Meeting, by proxy, over the internet or by telephone. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

To vote by proxy, you must complete the proxy card in the form enclosed and mail it in the envelope provided. You can also vote over the internet or by using a toll-free telephone number. Please refer to your proxy card for detailed information.

If you would like to vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

***Beneficial Owners: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner of shares registered in street name, you cannot vote your shares directly but must instruct your broker or other nominee to vote your shares. You should have received a proxy card and voting instructions with this Proxy Statement from your broker or other nominee rather than directly from us.

To vote by proxy, you must complete the proxy card in the form enclosed and mail it in the envelope provided. You can also vote over the internet or by using a toll-free telephone number. Please refer to your proxy card or the information forwarded by your broker or other nominee for detailed information.

To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker or other nominee. Follow the instructions from your broker or other nominee included with these proxy materials or contact your broker or other nominee to request a proxy form.

If you own your shares in street name, and do not give your broker or other nominee voting instructions, your shares will be voted only if your broker or other nominee is allowed to exercise voting discretion with respect to your shares. Under New York Stock Exchange rules, your broker or other nominee is permitted to exercise voting discretion only with respect to "routine" matters. The only "routine" matter to be acted upon at our Annual Meeting is Proposal 3, the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012. With respect to the other proposals, if you do not submit voting instructions to your broker or other nominee, your shares will not be voted for you. The aggregate number of shares held in street name that a broker or other nominee does not or cannot vote is reported as the "broker non-vote." We encourage you to provide voting instructions to your broker or nominee if you hold your shares in street name so that your voice is heard on all matters submitted to our stockholders.

If you have any questions or need assistance with voting your shares, please contact American Stock Transfer & Trust Company, LLC, our transfer agent, toll-free at 800-937-5449 or Georeson Inc., the firm assisting us in this solicitation, toll-free at 866-628-6023.

Table of Contents

**How many votes can I cast?**

On each matter to be voted upon, you have one vote for each share of common stock you owned as of April 18, 2012.

**What if I return a proxy card but do not make specific choices?**

If you are a stockholder of record and you return a signed and dated proxy card without marking any voting selections, your shares will be voted (1) "FOR" the election of the nine individuals named as nominees under the heading "Election of Directors"; (2) "FOR" the approval, on an advisory basis, of the compensation of our named executive officers as described herein; and (3) "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012.

If you are the beneficial owner of shares held by a broker or other nominee, you can direct your broker or other nominee to vote as you like by completing the enclosed proxy card and returning it in the envelope provided. If you return a signed and dated proxy card but do not give instructions on how to vote on the proposals, your broker or other nominee cannot vote your shares except on Proposal 3, relating to ratification of the appointment of our independent registered public accounting firm. The remainder will be recorded as "broker non-votes." See the discussion under the heading "How do I vote?"

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

**Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are a stockholder of record, you can revoke your proxy in any one of four ways:

You can submit another properly completed proxy card with a later date.

You can vote by internet or telephone.

You can send a written notice that you are revoking your proxy to Gleacher & Company, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary.

You can attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If you are the beneficial owner of shares held by a broker or other nominee, you must contact your broker or other nominee in order to revoke your proxy.

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the shares entitled to vote as of the record date are represented by stockholders present at the meeting or by proxy. On April 18, 2012, the record date, there were 127,185,696 shares outstanding and entitled to vote. As a result, 63,592,849 shares must be represented by stockholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards a quorum if you submit a valid proxy vote or vote by internet or telephone or at the meeting. Abstentions and broker non-votes will also be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting can adjourn the meeting to another date.



Table of Contents

**How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count "FOR" and "AGAINST" votes and abstentions and broker non-votes. Abstentions and broker non-votes will be counted towards a quorum but will not be treated as votes cast. Since under our bylaws the outcome of proposals submitted for a vote by our stockholders at the Annual Meeting is determined with reference to the number of votes cast, abstentions and broker non-votes will have no effect on the outcome of voting on the proposals.

**How many votes are needed to approve each proposal?**

The standards for determining the outcome of the vote for each of the proposals to be considered at the Annual Meeting are set forth below. As described under "How are votes counted?", abstentions and broker non-votes will have no effect on the voting results.

Each nominee for director in an uncontested election will be elected if the votes cast "FOR" that nominee exceed the votes cast "AGAINST" that nominee. Votes cast with respect to the election of directors do not include abstentions and broker non-votes. In the event of a contested director election, a plurality standard will apply.

Each other proposal must receive "FOR" votes constituting a majority of the votes cast.

Proposals 2 and 3 are submitted to our stockholders on an advisory basis only. The outcome of voting on these proposals will be considered by our Board of Directors but will not be binding on the Company.

Internet and telephone votes count towards the quorum and towards the various proposals in the matter voted. **Note that to be counted, internet and telephone votes must be cast by 11:59 p.m. EDT on the day before the Annual Meeting.**

**How can I find out the results of the voting at the Annual Meeting?**

We will announce preliminary voting results at the Annual Meeting, and if final voting results are available within four days of the Annual Meeting date, the results will be announced on a current report on Form 8-K that we will file with the Securities and Exchange Commission (the "SEC"). If final voting results are not available within four days of the Annual Meeting, preliminary voting results will be announced in a press release and a current report on Form 8-K, and final voting results will be announced when available in an amended report on Form 8-K.

**Who is paying for this proxy solicitation?**

All expenses of the Company in connection with this solicitation of proxies will be borne by the Company. In addition to these mailed proxy materials, our directors, officers and other employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers and other employees will not be paid any additional compensation for soliciting proxies. We will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record by such persons and will reimburse such persons and the Company's transfer agent for their reasonable out-of-pocket expenses in forwarding such materials to beneficial owners, but these individuals will receive no additional compensation for these solicitation services.

The distribution and solicitation of proxy materials will also be supplemented through the services of Georgeson Inc., a proxy solicitation firm. Georgeson Inc. will receive a customary fee, which we estimate will be approximately \$20,000, plus certain other fees for related services and reasonable out-of-pocket expenses.

IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE WITH VOTING YOUR SHARES, PLEASE CALL AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, OUR TRANSFER



Table of Contents

AGENT, TOLL-FREE AT 800-937-5449 OR GEORGESON INC., THE FIRM ASSISTING US IN THIS SOLICITATION, TOLL-FREE AT 866-628-6023.

**When are stockholder proposals due for next year's annual meeting?**

For a stockholder proposal to be included in our proxy statement and form of proxy for the 2013 annual meeting of stockholders, such stockholder proposal must be received by us no later than the close of business on December 27, 2012. Proposals should be addressed to the Corporate Secretary at the address set forth below. In addition, our bylaws require that we be given advance notice of stockholder nominations for election to the Board and of other business that stockholders wish to present at an annual meeting by February 23, 2013 and no earlier than January 24, 2013. In the event the 2013 annual meeting of stockholders is advanced by more than 20 days, or delayed by more than 70 days, from the first anniversary of our 2012 Annual Meeting, notice of stockholder nominees or proposals must be received no earlier than 120 days before the date of the 2013 annual meeting of stockholders and no later than the close of business on the later of the 70th day before the date of the 2013 annual meeting of stockholders or the 10th day following our first public announcement of the date of such meeting. Our bylaws also require that such notice contain certain additional information. Our current bylaws are available through the SEC's website, [www.sec.gov](http://www.sec.gov), or upon written request to the Corporate Secretary at the address set forth below.

Proposals and notices mailed should be addressed to the Company at: Gleacher & Company, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary.

**Can I obtain copies of the proxy materials online?**

The Company's proxy materials, including this Proxy Statement and the related form of proxy, as well as the Company's 2012 Annual Report, which takes the form of the Company's Annual Report on Form 10-K for the year ended December 31, 2011, and any amendments to the foregoing materials that are required to be furnished to stockholders, are available for you to review online at [www.gleacher.com](http://www.gleacher.com) under the heading "Investor Relations Annual Report & Proxy Statement."

**How can I obtain directions to the Annual Meeting site?**

For directions to the Annual Meeting site, please visit our website at [www.gleacher.com](http://www.gleacher.com) under the heading "Investor Relations Annual Report & Proxy Statement."

Table of Contents

**DISCUSSION OF PROPOSALS**

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

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**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

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**Introduction**

Ultimate responsibility for management of the Company's business and affairs rests with the Board of Directors. The Board currently consists of nine directors, each serving for a term of one year. The Board has three standing committees, the Audit Committee, the Executive Compensation Committee and the Committee on Directors and Corporate Governance (the "Directors Committee"), and delegated specific governance responsibilities to them. The Board of Directors held eleven (11) meetings during the Company's fiscal year ended December 31, 2011. The committees of the Board each held the number of meetings noted in the table below under the heading "Committees of the Board of Directors." During 2011, each incumbent director attended in excess of 95% of the aggregate of the meetings of the Board and meetings of the committees on which he serves. Directors are encouraged to attend each annual meeting of stockholders, and all of our directors attended last year's meeting either in person or via teleconference.

Each current director is standing for reelection to hold office until the next annual meeting of stockholders and until his successor has been duly elected and qualified.

**Majority Voting**

We have recently amended our bylaws to provide that each nominee for director in an uncontested election (that is, where there have been nominated only that number of individuals as there are director positions to be filled), will be elected if the votes cast "FOR" that nominee exceed the votes cast "AGAINST" that nominee. Our Corporate Governance Guidelines now also provide that an incumbent nominee who receives fewer votes "FOR" than "AGAINST" in an uncontested election is expected to promptly tender his or her resignation. The Committee on Directors and Corporate Governance will recommend, and our Board will ultimately determine, whether or not to accept the tendered resignation. The Board has discretion to determine whether to accept or reject any such resignation. We will publicly disclose the Board's decision within 90 days following the election. In the event of a contested director election (that is, where there are more nominees than there are director positions to be filled), a plurality standard will apply, meaning that the nine nominees receiving the greatest number of votes shall be elected.

**Directors and Director Nominees of the Company**

**The Board has nominated each of the nominees for election as directors and unanimously recommends that stockholders vote "FOR" the election of each of these nominees.**

Each of the nominees has consented to serve as a director if elected. Should any nominee for director become unable or unwilling to accept election, proxies will be voted for a nominee selected by the Board, or the size of the Board may be reduced accordingly. The Board does not believe that any of the nominees will be unable or unwilling to serve if elected to office. Any vacancy occurring during the term of office of any director may be filled by the remaining directors for a term expiring at the next meeting of stockholders at which the election of directors is in the regular order of business.



Table of Contents

Set forth below is certain information furnished to the Company by the director nominees.

<p><b>Eric J. Gleacher</b></p> <p>Chairman of the Board of Directors</p> <p>Director since 2009</p> <p>Age 71</p>	<p><i>Professional Experience:</i> Mr. Gleacher was elected Chairman of the Board in June 2009 in connection with the Company's acquisition of Gleacher Partners, Inc. Pursuant to his employment agreement, each year during his term of employment, the Board shall nominate Mr. Gleacher for election to the Board and he shall serve as Chairman of the Board. Mr. Gleacher was the Chief Executive Officer of the Company from February 2010 to October 2010. Mr. Gleacher was the founder of Gleacher Partners, Inc. in 1990 and acted as its Chairman. Previously, Mr. Gleacher founded the Mergers &amp; Acquisitions department at Lehman Brothers Holdings Inc. in 1978 and headed Global Mergers &amp; Acquisitions at Morgan Stanley &amp; Co. Inc. from 1985 to 1990.</p> <p><i>Education:</i> Mr. Gleacher received an MBA from The University of Chicago Booth School of Business and a BA from Northwestern University. Mr. Gleacher served as a United States Marine Corp. infantry officer.</p> <p><i>Other Boards and Appointments:</i> Mr. Gleacher is Chairman of the Institute for Sports Medicine Research at the Hospital for Special Surgery in New York, Chairman of the Ransome Scholarship Trust for St. Andrews University in St. Andrews, Scotland, and a member of the Board of Trustees of Northwestern University.</p> <p><i>Director Qualifications:</i> The Board elected Mr. Gleacher as Chairman of the Board in recognition of his experience and knowledge base in the Company's newly expanded investment banking and M&amp;A capabilities as a result of the acquisition of Gleacher Partners, Inc., as well as his experience and proven success as an entrepreneur and founder of Gleacher Partners LLC, the Mergers &amp; Acquisitions department at Lehman Brothers and the head of Global Mergers &amp; Acquisitions at Morgan Stanley. Mr. Gleacher's qualifications have brought to the leadership of the Company both breadth and depth of his expertise and understanding of the markets in which the Company operates, which the Board determined to be particularly important in the increasingly complex business and market conditions of the financial sector.</p>
<p><b>Thomas J. Hughes</b></p> <p>Chief Executive Officer</p> <p>Director since 2011</p> <p>Age 54</p>	<p><i>Professional Experience:</i> Mr. Hughes was appointed to be our Chief Executive Officer as of May 2, 2011 and was elected to our Board at the 2011 Annual Meeting of Stockholders. From October 2010 to April 2011, Mr. Hughes served as a Special Advisor to Board of Directors of LNR Property LLC, a diversified commercial real estate finance company, and from July 2007 to October 2010, Mr. Hughes served as Chairman and Chief Executive Officer of LNR Property LLC. From November 2005 to March 2006, he served as the President and Chief Operating Officer of the Clinton Group, a New York-based hedge fund. From 2001 to 2005, he served as Chief Executive Officer of Deutsche Asset Management and was a member of the Deutsche Bank Group Executive Committee. Prior to joining Deutsche Bank, Mr. Hughes held a number of senior positions with Merrill Lynch. He began his career at Merrill Lynch in 1984 as a mortgage backed securities trader and was named Head of MBS Trading in 1987, where he rebuilt and expanded the mortgage department. During his tenure at Merrill Lynch, Mr. Hughes also became the global head of equity derivatives and convertible bond trading and in 1999 became the head of a newly created unit, Global Securities Financing. Mr. Hughes is also a Co-Founder of Fieldpoint Private Bank &amp; Trust.</p>

Table of Contents

*Education:* Mr. Hughes graduated from The United States Merchant Marine Academy, earning a Bachelor of Science degree in Naval Architecture and Marine Engineering.

*Other Boards and Appointments:* Mr. Hughes has served as a member of the board for organizations and corporations including Soleil Corporation, the International Monetary Fund and Hospital for Special Surgery, and continues as a board member of the Cystic Fibrosis Foundation and The United States Merchant Marine Academy.

*Director Qualifications:* Mr. Hughes was recommended to serve as a member of our Board because of his strong record of leadership and his more than 25 years of experience in a broad array of investment banking, asset management, and real estate finance businesses. In addition, his service on the boards of various organizations and corporations will provide our Board with a broader perspective on corporate governance matters.

**Henry S. Bienen**

Director

Director since 2010

Age 72

Committees:

Directors and  
Corporate Governance

*Professional Experience:* Dr. Bienen is Chairman of Rasmussen College and President Emeritus of Northwestern University. From 1995 to 2009, Dr. Bienen served as the President of Northwestern University, where he was one of the first three presidents awarded the Carnegie Corporation's award for academic leadership. Prior to becoming president of Northwestern, Dr. Bienen served as dean of the Woodrow Wilson School of Public and International Affairs at Princeton University. While at Princeton, he was named the William Stewart Tod Professor of Public and International Affairs and the James S. McDonnell Distinguished University Professor.

*Education:* Dr. Bienen received a bachelor's degree with honors from Cornell University and a master's degree and Ph.D., both from the University of Chicago.

*Other Boards and Appointments:* Dr. Bienen is a member of the board of directors of the Grosvenor Registered Multi-Strategy Fund (TI 1), LLC, the Grosvenor Registered Multi-Strategy Fund (TI 2), LLC, the Grosvenor Registered Multi-Strategy Fund (TE), LLC, the Grosvenor Registered Multi-Strategy Master Fund, LLC and Ryan Specialty Group, and a member of the board of directors of the Chicago Council on Global Affairs, serving on its executive committee. In addition, Dr. Bienen serves as chairman of the Ithaca Harbors board of trustees and serves on the board of Onconova Therapeutics. In the past, Dr. Bienen has served as chair of the executive committee of the Association of American Universities. He is a member of the Knight Commission on Intercollegiate Athletics as well as the American Political Science Association, for which he also serves as a member of the investment committee. Dr. Bienen previously served on the boards of directors of The Bear Stearns Companies Inc. until its purchase by JP Morgan Chase & Co. in 2008, and SPSS Inc. from 2007 until 2009 when the company was sold to IBM Corporation.

*Director Qualifications:* Dr. Bienen's extensive career running or overseeing large organizations and experience and relationships in the international arena provides an important perspective to our Board discussions and decisions and can assist us in international initiatives. In addition, Dr. Bienen's extensive previous experience as a member of the boards of directors of various institutions has given him broad exposure to the variety of issues boards face and facilitates his contribution in these areas to our Board.

Table of Contents

<p><b>Marshall Cohen</b></p> <p>Director</p> <p>Director since 2009</p> <p>Age 77</p> <p>Committees:</p> <p>Audit</p> <p>Executive Compensation</p> <p>Directors and Corporate Governance</p>	<p><i>Professional Experience:</i> Mr. Cohen is counsel (retired) at Cassels, Brock &amp; Blackwell LLP, Barristers and Solicitors, a full service law firm in Toronto, which he joined in 1996. Mr. Cohen was President and Chief Executive Officer of The Molson Companies Ltd. from 1988 through 1996. Prior to that, he was a senior official with the Government of Canada for 15 years, holding various appointments including Deputy Minister of Energy, Industry Trade &amp; Commerce, and Finance.</p> <p><i>Education:</i> Mr. Cohen holds a B.A. from the University of Toronto, a law degree from Osgoode Hall Law School and a Master's Degree in Law from York University.</p> <p><i>Other Boards and Appointments:</i> Mr. Cohen serves on the board of directors of TD Ameritrade and as a member of each of the Audit Committee, Risk Committee and Governance Committee of such board. He also serves on the board of directors and as a member of each of the Audit Committee and Compensation Committee and as Chairman of the Governance Committee of TriMas Corporation. During the past five years, Mr. Cohen has also served on the boards of Toronto Dominion Bank, Barrick Gold Corporation, Collins &amp; Aikman, Inc., Metaldyne Inc., American International Group, Inc., Premcor, Inc. and Lafarge Corporation NA, Inc. In addition, Mr. Cohen recently retired as Chairman of the Board of Governors of York University and is an honorary director or governor of a number of non-profit organizations, including the C.D. Howe Institute and Mount Sinai Hospital. Mr. Cohen is an Officer of the Order of Canada.</p> <p><i>Director Qualifications:</i> Mr. Cohen brings valuable legal, financial, operational, strategic and compliance-based expertise to our Board with his past experience as the chief executive officer of a large Canadian public company with international operations. Mr. Cohen's extensive knowledge and experience in management, governance and legal matters involving publicly-held companies brings additional management, governance and legal experience to our Board. In addition, his independence and experience serving on the boards of other public companies has enhanced the Board's ability to lead the Company.</p>
<p><b>Robert A. Gerard</b></p> <p>Director</p> <p>Director since 2009</p> <p>Age 67</p> <p>Committees:</p> <p>Executive Compensation (Chair)</p> <p>Directors and Corporate Governance</p>	<p><i>Professional Experience:</i> Mr. Gerard is the General Partner and Investment Manager of GFP, L.P., a private investment partnership. From 2004 to 2010, Mr. Gerard served as Chairman of the Management Committee and Chief Executive Officer of Royal Street Communications, LLC, a licensee, developer and operator of wireless telecommunications systems in Los Angeles and Central Florida. From 1974 to 1977, Mr. Gerard served in the United States Department of the Treasury, completing his service as Assistant Secretary for Capital Markets and Debt Management. From 1977 until his retirement in 1991, he held senior executive positions with the investment banking firms Morgan Stanley &amp; Co., Dillon Read &amp; Co. and Bear Stearns.</p> <p><i>Education:</i> Mr. Gerard is a graduate of Harvard College and holds MA and JD degrees from Columbia University.</p> <p><i>Other Boards and Appointments:</i> Mr. Gerard is the Chairman of the board of directors of H&amp;R Block, Inc., serving as a member of the Governance and Nominating Committee and Chairman of the Finance Committee of such board.</p>

Table of Contents

*Director Qualifications:* We believe Mr. Gerard's qualifications to sit on our Board of Directors include his extensive experience in the financial services industry, as well as his eligibility to serve as an independent member of the Board. Mr. Gerard also brings many years of experience in senior management and as a member of the boards of other public companies. In addition, Mr. Gerard is familiar with corporate governance matters and brings valuable insight to our Board.

**Mark R. Patterson**

Director

Director since 2007

Age 60

*Professional Experience:* Mr. Patterson became a director of the Company following the completion of the Company's private placement with MatlinPatterson in September 2007. Mr. Patterson is Chairman of MatlinPatterson Global Advisers LLC which he co-founded in July 2002. Mr. Patterson has over 35 years of financial markets experience, principally in merchant, investment and commercial banking, at Credit Suisse (where he was Vice Chairman from 2000 to 2002), Scully Brothers & Foss L.P., Salomon Brothers Inc., and Bankers Trust Company.

*Education:* Mr. Patterson holds degrees in law (BA, 1972) and economics (BA Honors, 1974) from South Africa's Stellenbosch University and an MBA (with distinction, 1986) from New York University's Stern School of Business.

*Other Boards and Appointments:* Mr. Patterson also serves on the board of directors of Allied World Assurance in Bermuda (Chairman of the Investment Committee) and on the Dean's Executive Board of the NYU Stern School of Business. Mr. Patterson serves on the board of Flagstar Bancorp, Inc. He previously served on the boards of NRG Energy, Inc., Compass Aerospace, Polymer Group, Inc. and Oxford Automotive, Inc.

*Director Qualifications:* Mr. Patterson has significant experience, expertise and background in the financial markets, including with respect to risk management, investment and strategic planning matters. With his financial markets experience and his experience as a member of the boards of other public companies, Mr. Patterson continues to provide key insight to our Board. Furthermore, given Mr. Patterson's relationship with MatlinPatterson, the Board believes that his interests will be closely aligned to those of the Company's stockholders and he provides the Board with the perspective of a major stockholder.

**Christopher R. Pechock**

Director

Director since 2007

Age 47

*Professional Experience:* Mr. Pechock became a director of the Company following the completion of the Company's private placement with MatlinPatterson in September 2007. He has been a partner at MatlinPatterson Global Advisers LLC since its inception in July 2002. Mr. Pechock has been active in the securities markets for over 18 years. Prior to July 2002, Mr. Pechock was a member of Credit Suisse's Distressed Group, which he joined in 1999. Before joining Credit Suisse, Mr. Pechock was a Portfolio Manager and Research Analyst at Turnberry Capital Management, L.P. (1997-1999), a Portfolio Manager at Eos Partners, L.P. (1996-1997), a Vice President and high yield analyst at PaineWebber Inc. (1993-1996) and an analyst in risk arbitrage at Wertheim Schroder & Co., Incorporated (1987-1991).

*Education:* Mr. Pechock holds an MBA from Columbia University Graduate School of Business (1993) and a BA in Economics from the University of Pennsylvania (1987).

Table of Contents

*Other Boards and Appointments:* Mr. Pechock serves on the boards of Renewable Biofuels Inc. He previously served on the boards of COMSYS IT, Compass Aerospace, Goss International, Huntsman Corporation, XL Health Corporation, Leprechaun Holding Company LLC and FXI.

*Director Qualifications:* Mr. Pechock has brought to our Board his experience as a partner of MatlinPatterson Global Advisers LLC and expertise in the securities markets and continues to provide key insight to the Board. Furthermore, given Mr. Pechock's relationship with MatlinPatterson, the Board believes that his interests will be closely aligned to those of the Company's stockholders and he provides the Board with the perspective of a major stockholder.

**Bruce Rohde**

Lead Independent Director

Director since 2009

Age 63

Committees:

*Professional Experience:* Mr. Rohde has served in multiple roles with ConAgra Foods, Inc. since 1984, including General Counsel, President, Vice Chairman, Chairman and Chief Executive Officer, and retired from that role as Chairman and CEO Emeritus. Mr. Rohde is the Managing Partner of Romar Capital Group and of counsel to Hunkins Newton Law. Mr. Rohde served as a commissioned officer in the United States Army, and upon completion of his military service he retired from that commission at the rank of Captain.

*Education:* Mr. Rohde holds two degrees from Creighton University, a Bachelor of Science degree in Business Administration, and a Juris Doctor, cum laude.

Audit

*Other Boards and Appointments:* He has been a member of the board of directors of H&R Block, Inc. since July 2010, and serves as Chair of the Compensation Committee and a member of the Audit Committee of such board. He also serves as Chairman of Creighton University Board of Directors, on Harvard University's Private and Public, Scientific, Academic and Consumer Food Policy Committee, as a Presidential Appointee to the National Infrastructure Advisory Council and a director of the Preventive Medicine Research Institute. Mr. Rohde holds many court admissions and also holds a certified public accountant certificate.

Executive Compensation

*Director Qualifications:* We believe Mr. Rohde's qualifications to sit on our Board of Directors include his independence, background in law, finance, accounting and operational and capital management. In addition, his history of senior executive leadership at ConAgra, a large public company, and his experience on the boards of other public companies has resulted in Mr. Rohde's significant contributions to the Board.

Directors and  
Corporate  
Governance  
(Chair)

**Robert S. Yingling**

Director

Director since 2007

Age 50

Committees:

*Professional Experience:* Mr. Yingling was Chief Executive Officer of Lifetopia Corporation from May 2009 through January 2011, prior to which from March 2008 he was a consultant to Lifetopia and other technology companies. Presently, he is a consultant to Blackstratus, Inc., a developer of software for internet security solutions, serving as its Interim CFO. He is also an advisor and consultant, primarily to technology companies. Previously, Mr. Yingling was Vice President and Chief Financial Officer of WRC Media Inc. from September 2004 to March 2008. Prior to WRC Media Inc., Mr. Yingling was Director of Finance of Smiths Group plc and Chief Financial Officer of BigStar Entertainment, Inc., where he led their initial public offering. Mr. Yingling was a manager in the Audit and Business Advisory Division of Arthur Andersen and Director of Finance at Standard Microsystems Corporation, as well as Chief Financial Officer of GDC International, Inc.

Audit (Chair)





Table of Contents

*Education:* Mr. Yingling holds an MBA from the Columbia University Graduate School of Business and a BS in Accounting from Lehigh University.

*Other Boards and Appointments:* Mr. Yingling served as a director of SA International, from April 2004 through December 2008. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the New York State Society of CPAs.

*Director Qualifications:* We believe Mr. Yingling's qualifications to sit on the Board of Directors include his extensive financial expertise. His diverse experience with the financial reporting process, gained as an auditor with a leading public accounting firm advising public companies with regard to accounting and reporting issues, and as the chief financial officer of various public companies, gives him the expertise to Chair our Audit Committee and serve on the Board. Mr. Yingling has maintained the continuing professional education requirements of CPAs, including courses focused on the issues facing broker dealers and public company financial experts, which, combined with the foregoing practical experience, provide him the expertise to Chair our Audit Committee and serve on our Board.

**Board Leadership Structure**

The Board seeks to achieve a leadership structure that most efficiently addresses the purpose and mission of the Company and facilitates the oversight of management's implementation of the Company's plans. The Board believes that its structure:

facilitates the organized flow of information among directors as well as between the Board and management;

encourages active participation by all directors, including the voicing of diverse opinions on important Company subjects;

allows decisive decision-making and implementation; and

enables unambiguous directions to management to carry out Board decisions.

The Company currently operates under a separate Chairman and Chief Executive Officer ("CEO") structure. However, because each of Messrs. Gleacher (our Chairman) and Hughes (our CEO) serves as an executive officer of the Company, neither Mr. Gleacher nor Mr. Hughes is considered independent under applicable rules.

Our Corporate Governance Guidelines provide that if the Chairman of the Board is an employee of the Company (as is currently the case), the Board shall have a lead independent director, who will be elected by a majority of the independent directors of the Board. The lead independent director shall have the responsibilities designated by the independent directors. These currently include:

chairing executive session meetings of the independent directors;

leading the Board's processes for selecting and evaluating the Chief Executive Officer;

presiding at all meetings of the Board at which the Chairperson of the Board is not present;

serving as a liaison between the Chairman and the independent director; and

approving meeting agendas and schedules and information sent to the Board.

Mr. Rohde currently serves as our lead independent director.

Table of Contents

The Company does not have a fixed policy with respect to the separation of the roles of Chairman of the Board and CEO. In the past, the Company has operated under both the combined and separated Chairman/CEO structure. The Board believes that the optimal leadership structure in that regard will depend on the business needs of the Company at the time as well as the then-makeup of the Board of Directors. As a result, the Board believes that the Company's leadership structure is likely to evolve with the Company, and the Board intends to reassess and may modify the Company's leadership structure from time to time.

**Succession Planning**

The Board recognizes the importance of effective executive leadership to the Company's success. Toward that end, the Board at least annually reviews and discusses executive capabilities and succession planning, principally with respect to the Company's Chief Executive Officer. The Board also plays a significant role in consulting with the CEO concerning succession planning for other executive positions. The process includes consideration of organizational and operational needs, competitive challenges, leadership/management potential and development, and emergency situations.

**Director Independence**

Assuming the election of the directors recommended by the Board, our Board will be comprised of five independent directors and four directors whom the Board has determined are not independent. The Board determined that each of Messrs. Cohen, Gerard, Rohde and Yingling and Dr. Bienen qualifies as an "independent director" under the applicable NASDAQ listing standards and in the Company's Corporate Governance Guidelines. Currently, each of our Executive Compensation Committee, Audit Committee and Directors Committee is composed entirely of independent directors.

Two of our directors, Messrs. Patterson and Pechock, are affiliated with MatlinPatterson FA Acquisition LLC ("MatlinPatterson"). As of February 29, 2012, MatlinPatterson controlled 27.9% of our common stock and was our largest stockholder.

**Committees of the Board of Directors**

As described above, the Board of Directors has three standing committees: the Audit Committee, the Executive Compensation Committee and the Directors Committee, each of which operates under a written charter that has been approved by the Board. These charters, as well as our Corporate Governance Guidelines, are posted on our website at [www.gleacher.com](http://www.gleacher.com) under the heading "Investor Relations Corporate Governance." Each of our committees is comprised entirely of "independent directors" as defined in the NASDAQ listing standards and is independent within the meaning of Rule 10A-3 of the rules promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Company's Corporate Governance Guidelines. In addition, the Board has determined that all Audit Committee members are financially literate in accordance with the NASDAQ listing standards. Messrs. Yingling and Rohde are each qualified as an audit committee financial expert within the meaning of Item 401(h) of Regulation S-K under the Exchange Act.

Table of Contents

Committee Name	Members	Functions and Responsibilities of the Committee	Meetings in 2011
Audit	Robert S. Yingling (Chair) Marshall Cohen Bruce Rohde	<p>Oversees the integrity of the Company's financial reporting process, including the financial reports and other financial information provided by the Company to its stockholders, any governmental or regulatory body and the public, or other uses thereof.</p> <p>Assesses and, where necessary or desirable, provides for the improvement of the Company's systems of internal accounting and financial controls.</p> <p>Provides for the annual audit of the Company's financial statements by its independent registered public accounting firm (the "Independent Auditor").</p> <p>Evaluates the Independent Auditor's qualifications and independence.</p> <p>Assesses and, where necessary or desirable, provides for the improvement of the Company's legal and regulatory compliance practices and policies;</p> <p>Oversees the Company's management of market, credit, liquidity and other financial and operational risks.</p> <p>Has the sole authority and responsibility to appoint, retain (subject to such stockholder ratification as the Company deems desirable), compensate, evaluate and, where appropriate, terminate the Independent Auditor.</p> <p>Pre-approves all audit, audit-related, and non-audit services, if any, to be provided by the Independent Auditor and also prepares the Audit Committee report required by the rules of the SEC for inclusion in the Company's annual proxy statement. A description of the Audit Committee's procedures for the pre-approval of the audit and permitted non-audit services and the Audit Committee report can be found under the heading "Proposal</p>	17

3 Ratification of Appointment of Independent Registered Public Accounting Firm."

Oversees the investigation of any reports made under the Company's Procedures for Reporting Violations of Compliance Standards (the "Reporting Policy"). The full text of the Reporting Policy is available on our website at [www.gleacher.com](http://www.gleacher.com) under the heading "Investor Relations Corporate Governance."

Table of Contents

Committee Name	Members	Functions and Responsibilities of the Committee	Meetings in 2011
Executive Compensation	Robert A. Gerard (Chair) Marshall Cohen Bruce Rohde	<p data-bbox="770 422 1286 646">Implements and reviews executive compensation plans, policies and programs to ensure the attraction and retention of executive officers in a reasonable and cost-effective manner, to motivate their performance in the achievement of the Company's business objectives and to align the interests of executive officers with the long-term interests of our stockholders.</p> <p data-bbox="770 722 1286 802">Oversees generally any other material compensation arrangements applicable to key business employees who are not executive officers.</p> <p data-bbox="770 877 1286 957">Develops and approves periodically general compensation policies and salary structures for our executive officers.</p> <p data-bbox="770 1033 1286 1113">Reviews and approves base salaries, salary increases and incentive compensation for, and perquisites, if any, offered to, executive officers.</p> <p data-bbox="770 1188 1286 1245">Reviews and supervises cash-based, equity-based and other incentive compensation plans;</p> <p data-bbox="770 1320 1286 1400">Reviews and supervises, in coordination with management, the overall compensation policies of the Company.</p> <p data-bbox="770 1476 1286 1671">Prepares a report regarding the Compensation Discussion and Analysis included in our proxy statements or annual reports on Form 10-K as required by the rules and regulations of the SEC. The Executive Compensation Committee may form, and delegate authority to, subcommittees when it deems appropriate.</p> <p data-bbox="770 1747 1286 1936">Has the authority to retain and terminate compensation consultants to assist in the evaluation of executive officer compensation, including sole authority to approve the consultants' fees and other retention terms. The Executive Compensation Committee also has authority to obtain advice and assistance from any officer or employee of the</p>	13

Company or any outside legal expert or other adviser. In 2011, the Executive Compensation Committee retained an independent compensation consultant, Frederic W. Cook & Co., Inc. ("FW Cook & Co."), to assist the Executive Compensation Committee in fulfilling its responsibilities. At the Executive Compensation Committee's request, FW Cook & Co. assisted management in completing a compensation program risk assessment, assisted in the preparation of the Company's 2011 proxy statement compensation disclosures and assisted us in addressing ongoing compensation matters. No other services were provided by FW Cook & Co. in 2011.



Table of Contents

Committee Name	Members	Functions and Responsibilities of the Committee	Meetings in 2011
Directors and Corporate Governance	Bruce Rohde (Chair) Henry S. Bienen Marshall Cohen Robert A. Gerard	Assists the Board of Directors in developing and implementing policies and procedures intended to assure that the Board, including its standing committees, will be appropriately constituted and organized to meet its fiduciary obligations to the Company and its stockholders on an ongoing basis.  Assists the Board in identifying individuals qualified to become Board members and to recommend director nominees for election. In identifying and recommending nominees for positions on the Board of Directors, the Directors Committee is guided by prescribed criteria set forth in the charter of the Directors Committee and in our Corporate Governance Guidelines. These criteria include, among other things, independence, judgment, business experience, skills and availability. The Directors Committee also takes into account diversity of viewpoints, backgrounds, experiences and other relevant information. In determining whether to recommend a director for reelection, the Directors Committee considers past attendance at meetings and contribution to the activities of the Board and its committees. The Directors Committee also takes into consideration annual self-assessments conducted by the Board and each of its committees to evaluate board performance and identify personal characteristics that could contribute to the Board's effectiveness. These criteria are not applied in a formulaic manner and are not necessarily given equal weight with respect to each candidate. Rather, the Directors Committee considers these criteria in the context of current board composition and the perceived needs of the Company at the time. The Company does not have a formal policy with respect to diversity.  The Directors Committee does not have a separate policy for director recommendations by stockholders, as stockholder recommendations are reviewed in the same manner as those made by the Directors Committee. To recommend a prospective nominee for the Directors Committee's consideration, stockholders should submit the candidate's name and qualifications in writing to the following address: Gleacher & Company, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary.  Periodically reviews the Company's Corporate Governance Guidelines.	9



Table of Contents

**Board Oversight of Risk Management**

Management is responsible for the day-to-day management of risk, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management.

The Audit Committee has been designated to take primary responsibility at the board level for overseeing risk management and is responsible for overseeing the Company's management of market, credit, liquidity and other financial and operational risks (including risks arising from employee compensation policies). In this capacity, the Audit Committee defines and prioritizes risks and evaluates the adequacy of the Company's policies and procedures designed to respond to and mitigate risks. The Audit Committee also oversees risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements and discusses policies with respect to risk assessment and risk management. In this role, the Audit Committee receives reports from senior management and our Internal Audit, Compliance and Legal departments on a periodic basis. The Audit Committee receives these reports and reports to the full Board.

In addition, the Board, as a whole and through its committees, considers the risks within its areas of responsibilities. For example, the full Board is involved in any strategic, operational and reputational risks and exposures; major litigation and regulatory exposures and other matters that may present material risk to the Company's operations, plans, prospects or reputation, acquisitions and divestitures and senior management succession planning. The Directors Committee assesses risks and exposures related to corporate governance, director succession planning, board organization, membership and structure. The Executive Compensation Committee is also involved in assessing the risks associated with executive compensation programs and arrangements, including our incentive plans and compensation practices and policies generally.

Please see the discussion under the heading "Compensation Discussion and Analysis Risk Assessment in Compensation Programs" below for more information.

**Stock Ownership Guidelines**

We believe that our NEOs and directors should accumulate and hold a significant financial stake in the Company to ensure that their interests are aligned with those of our stockholders. To that end, on April 23, 2012, the Board adopted stock ownership guidelines that define ownership expectations for our NEOs and directors.

*Officers*

Pursuant to the guidelines, covered officers have a target ownership level, set forth in the chart below. The guidelines apply to all NEOs.

Prior to attaining the target ownership level, covered officers are expected to retain 50% of the "profit shares" attributable to the exercise of options or vesting and settlement of restricted shares or RSUs. "Profit shares" are the shares remaining after withholding to cover taxes and, in the case of options, the exercise price. There is no time frame to reach the guidelines. Rather, covered officers are expected to accumulate ownership through the share retention requirement described above.

Shares counting towards ownership include those directly owned, those held in trust for direct family members, and those held in company-sponsored defined contribution plans (e.g., 401(k), deferred comp arrangements). Unvested restricted shares and RSUs and unexercised options are excluded.

Each year on January 1, the number of target shares is determined using the current salary and stock price. This number is communicated to the covered officers as their "target." If an officer's target is met at any time, the officer has no further retention requirement unless the officer sell