
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 4, 2008**

COWEN GROUP, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-52048
(Commission
File Number)

84-1702964
(IRS Employer
Identification No.)

1221 Avenue of the Americas
New York, New York
(Address of Principal Executive Offices)

10020
(Zip Code)

Registrant's telephone number, including area code: **(646) 562-1000**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) and (e) On March 4, 2008, Cowen Group, Inc., a Delaware corporation (the "Company"), announced that, effective immediately, Kim S. Fennebresque, Chairman, Chief Executive Officer and President of the Company, had resigned as Chief Executive Officer and President. Mr. Fennebresque will serve as Non-Executive Chairman of the Board of Directors (the "Board") and will be employed as a Senior Advisor to the Company. The Company's related press release is filed as Exhibit 99.1 to this Form 8-K

In connection with Mr. Fennebresque's retirement as Chief Executive Officer and President of the Company, Mr. Fennebresque and the Company entered into an agreement containing the terms and conditions of his resignation (the "Resignation Agreement"). The Resignation Agreement is filed as Exhibit 10.1 to this Form 8-K. The Resignation Agreement provides, among other things, that in exchange for certain promises, covenants and waivers contained therein: (a) Mr. Fennebresque will forfeit in its entirety to the Company the equity award he received in connection with the initial public offering of the Company (the "IPO Award"); (b) Mr. Fennebresque shall continue to vest in the equity awards he received as part of his 2006 and 2007 annual compensation; and (c) upon a "Change in Control" of the Company (as defined in the Resignation Agreement) at any point prior to January 1, 2009, Mr. Fennebresque shall receive a lump sum cash payment equal to the number of shares subject to the IPO Award (975,000), multiplied by the value per share paid or delivered in the Change in Control transaction, with such adjustments as may be necessary to reflect the manner and form of payment in connection with the Change in Control transaction.

On March 4, 2008, Mr. Fennebresque and the Company entered into an agreement containing the terms and conditions of his employment as a Senior Advisor to the Company (the "Fennebresque Employment Agreement"). The Fennebresque Employment Agreement is filed as Exhibit 10.2 to this Form 8-K. The Fennebresque Employment Agreement provides, among other things, that: (a) Mr. Fennebresque shall be employed as a Senior Advisor to the Company from March 4, 2008 until his resignation, retirement, or termination or until the end of the calendar year of his 70th birthday, at an annual salary of two hundred fifty thousand dollars (\$250,000), with a time commitment to the Company not to exceed 20% of Mr. Fennebresque's time; (b) Mr. Fennebresque shall be entitled to an office paid for by the Company, subject to an initial per annum cap of seventy five thousand dollars (\$75,000) and a terminal cap of one hundred seventy five thousand dollars (\$175,000); (c) Mr. Fennebresque shall be entitled to the services of an administrative assistant of his choosing, who shall be a salaried employee of the Company; (d) The Company will provide Mr. Fennebresque, his spouse and dependents with health and medical benefits for the remainder of his lifetime (to the extent permitted by the terms of the Company's benefit plans); and (e) Mr. Fennebresque shall have continued use of the car and driver provided to him by the Company through December 31, 2008.

(c) and (d) On March 4, 2008, the Company announced that the Board had unanimously elected David M. Malcolm, age 60, as President and Chief Executive Officer of the Company, effectively immediately. The Board also voted to increase the number of Class I Directors to three and appoint Mr. Malcolm to the Board to serve as a Class I Director with his term expiring at the 2009 Annual Meeting of Shareholders. Mr. Malcolm previously served as Executive Vice Chairman of the Company from October 2006. He joined the Company as a Managing Director in our Investment Banking division in 1996.

In connection with his appointment as Chief Executive Officer and President of the Company, Mr. Malcolm and the Company entered into an agreement containing the terms and conditions of his employment (the "Malcolm Employment Agreement"). The Malcolm Employment Agreement is filed as

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Exhibit 10.3 to this Form 8-K.

The Malcolm Employment Agreement provides, among other things, that Mr. Malcolm shall be employed as the Chief Executive Officer and President of the Company from March 4, 2008 through December 31, 2010. Thereafter, Mr. Malcolm's term of employment shall be automatically renewed on an annual basis on January 1 of each successive year, subject to mutual termination provisions. Mr. Malcolm shall be entitled to an annual salary of two hundred fifty thousand dollars (\$250,000) and shall be eligible to receive an annual performance-based bonus as determined by the Compensation Committee of the Board. In addition, subject to certain vesting provisions, Mr. Malcolm will receive the right to purchase 6.25% of the general partner of an affiliated alternative asset management partnership relating to Cowen Healthcare Royalty Partners (the "CHRP Interest").

Mr. Malcolm may retire at any time following payment by the Company of annual bonuses for the 2010 calendar year or thereafter. Upon his retirement, Mr. Malcolm shall be employed by the Company as a Senior Advisor for a three-year term at an annual salary of seven hundred fifty thousand dollars (\$750,000). In addition, the Company will provide Mr. Malcolm, his spouse and dependents with health and medical benefits during this three-year period (to the extent permitted by the terms of the Company's benefit plans) (the "Post Retirement Benefits").

In the event that Mr. Malcolm's employment is terminated by the Company without Cause or by him with Good Reason (as defined in the Malcolm Employment Agreement), he shall be entitled to receive a lump sum cash payment of three million dollars (\$3,000,000), as well as a lump sum cash payment equal to the aggregate value of the Post-Retirement Benefits. In addition, in the event that a termination by the Company without Cause or by him for Good Reason occurs prior to December 31, 2009, the CHRP Interest shall immediately vest.

In the event that Mr. Malcolm's employment is terminated by the Company without Cause or by him with Good Reason after a Change in Control of the Company (as defined in the Malcolm Employment Agreement), he shall be entitled to receive a lump sum cash payment of five million dollars (\$5,000,000) as well as a lump sum cash payment equal to the aggregate value of the Post-Retirement Benefits. In addition, in the event that a termination by the Company without Cause or by him for Good Reason occurs prior to December 31, 2009, the CHRP Interest shall immediately vest.

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Item 9.01. Exhibits.

- (d) Exhibits
- 10.1 Resignation Agreement between the Company and Mr. Fennebresque dated March 4, 2008.
- 10.2 Employment Agreement between the Company and Mr. Fennebresque dated March 4, 2008.
- 10.3 Employment Agreement between the Company and Mr. Malcolm dated March 4, 2008.
- 99.1 Press Release issued by the Company dated March 4, 2008.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 6, 2008

By: /s/ Christopher A. White
Name: Christopher A. White
Title: Vice President



March 4, 2008

Mr. Kim S. Fennebresque
 Chairman and Chief Executive Officer
 Cowen Group, Inc.
 1221 Avenue of the Americas
 14th Floor
 New York, NY 10020

Dear Mr. Fennebresque:

This Agreement (the "Agreement") contains the terms and conditions of your resignation as Chief Executive Officer and President of Cowen Group, Inc., including all titles and positions you may hold with any subsidiaries and/or affiliates ("Cowen" or the "Company"), effective as of March 4, 2008 (the "Effective Date"). As set forth more fully below, this agreement (the "Agreement") shall supersede any and all prior employment agreements and letters relating to your current employment with Cowen.

Set forth below are the terms and conditions concerning your resignation from service with the Company:

1. Resignation. Prior to the Effective Date, you shall have resigned your position as Chief Executive Officer and President of the Company, as well as any and all other titles of and/or positions with any subsidiaries and affiliates of the Company.
2. Non-Executive Chairman. You shall serve as non-executive Chairman of the Board of Directors of the Company.
3. Equity Awards. (a) You shall continue to vest in the equity awards you received as part of your 2006 and 2007 compensation, respectively, subject to the terms and conditions set forth in the applicable equity award agreements, dated January 16, 2007 and January 25, 2008, respectively, and to the terms and conditions set forth herein; (b) You shall forfeit in its entirety to the Company the equity award you received in connection with initial public offering of the Company, dated July 11, 2006; and (c) upon a "Change in Control" (as defined in Appendix A, attached hereto) of the Company at any point prior to January 1, 2009, you shall receive a lump sum cash payment equal to (i) the number of shares subject to your July 11, 2006 equity award, multiplied by (ii) the value per share paid or delivered in the Change in Control transaction, with such adjustment as may be necessary to reflect the manner and form of payment in connection with the Change in Control transaction.

4. Release. In return for the payments and other consideration set forth above, you hereby and forever discharge Cowen and its parent, subsidiary and affiliated companies, and their shareholders, officers, members, directors, agents, employees, predecessor companies, insurers, successors and assigns from any and all claims, rights, demands, debts, actions, causes of action, suits, agreements, damages, and liabilities, known or unknown, which exist or have existed up to and including the date you signed this Agreement or which arise out of, are in any way connected with, or relate to your employment or termination of employment with Cowen, including, but not limited to, wrongful discharge claims, breach of contract claims, claimed violations of fair employment practices, anti-discrimination, or civil rights laws (including but not limited to any claims of discrimination on the basis of race, sex, age, religion, national origin, sexual orientation, handicap, veteran status or any other protected classification) asserted under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, as amended by the Older Workers' Benefit Protection Act ("ADEA"), the Americans With Disabilities Act of 1990, the Family and Medical Leave Act, the Workers Adjustment and Retraining Notification Act, the Sarbanes-Oxley Act, the Employee Retirement Income Security Act, the New York State Human Rights Law, the New York City Human Rights Law, New York Labor Law or any other federal, state or local law, statute, ordinance or regulation, tort claims, statutory claims, constitutional claims, claims for wages, bonuses, incentive compensation, commissions, allowances, vacation or holidays, severance or any other compensation or benefits, claims for compensatory or punitive damages or attorneys' fees, claims with respect to defamation, intentional infliction of emotional distress, misrepresentation, fraud or wrongful discharge and claims under the laws of the United States or any of its states. You release and waive your right to file any such claim in any judicial forum provided, however, that nothing herein prevents you from filing a charge with, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission or a state fair employment practices agency (except that you acknowledge that you may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding). As of the date of this Agreement, you represent that you have no pending claims of any sort against Cowen or any of its predecessor entities. Further, you agree that, in exchange for the foregoing consideration, you waive any claim for personal or monetary relief that might be awarded to you by any forum, whether such claim has been asserted by you or by another on your behalf. This release of claims is intended by you to be completely effective and binding, irrespective of whether any such claims have been asserted and irrespective of any present lack of knowledge on your part of any such claim.

5. Event of Breach. In the event you take any action contrary to the obligations set forth herein or otherwise breach your obligations to the Company, or should you institute any complaint, demand or action with regard to your employment, compensation or separation from employment with any court, except a claim made in good faith for a violation of the ADEA, for the breach of this Agreement, or for failure of Cowen to provide to you any obligation under any benefit plans in which you may be vested, Cowen shall be entitled to cease making any discretionary payments to you or on your behalf and to recover from you all discretionary payments made to you or on your behalf pursuant to the Agreement and to an award of all attorney's fees and costs incurred by Cowen in defending against such

complaints, demand or action or otherwise enforcing Cowen's rights under this paragraph of the Agreement.

6. Non-Disparagement. You agree that you shall not at any time make any disparaging comments about or disclose to anyone your opinions concerning Cowen, its parent(s), its subsidiaries, or its affiliated entities, any person employed by or otherwise affiliated with Cowen and/or any of its parent(s), subsidiaries or affiliates, or any information concerning the business affairs of Cowen or its parent(s) or any of its subsidiaries or affiliates, that you may have acquired in the course of your employment, and that is or may be detrimental to Cowen or to its affiliates.

7. Company Property. You acknowledge that you have not removed any Company property or any work product including, but not limited to, any computer disks, files or equipment, any and all documents, tapes or files, pagers, cell phones or other electronic devices, all corporate credit cards and any company keys, passes, identification cards or badges (“Company Property”) belonging to Cowen or its affiliates, or their employees, customers or others doing business with Cowen or its affiliates. You further agree to return, no later than fourteen (14) days after the effective date of termination, all Company Property to Cowen.

8. Non-Disclosure of Confidential Information. You understand that in connection with your employment with Cowen you have been privy to and acquired certain proprietary or business information relating to Cowen and/or its predecessors, subsidiaries, parent or affiliates, including confidential information and trade or business secrets not readily available in the marketplace or to the public. Such information may include, but is not limited to, information relating to their operations, business plans, financial and accounting matters, sales, transactions, trading and marketing data and strategies, the identity of customers, and the terms, conditions and status of customer and trading accounts or transactions. You agree you will not disclose to any third parties, directly or indirectly (except to the extent required by law), any such confidential or proprietary information. You also agree that your obligations under this paragraph continue after execution of this Agreement.

9. Waiver of Notice. As of the Effective Date, the Company shall waive the “Notice of Retirement, Resignation or Termination of Employment” requirements set forth in Paragraph 9 of the employment agreement dated November 13, 2007, between you and the Company, and as set forth in the equity award agreements dated January 16, 2007 and January 25, 2008, respectively.

10. Other Legal Proceedings. If, prior to the date of execution of this Agreement, you, or your attorney or representative, have filed any legal charge(s), complaint(s) or action(s) against Cowen or its affiliates related to any matter released or waived herein, you agree to withdraw or discontinue such matter(s) with prejudice and to execute all documents necessary to effectuate such withdrawal or discontinuance. You acknowledge that the consideration provided in this Agreement shall be accepted in full satisfaction of any claim(s) asserted and as sufficient basis for the immediate withdrawal or dismissal. You agree that you will not voluntarily participate or assist others in any lawsuit or judicial proceedings

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against Cowen or its affiliates. You further agree that you will fully cooperate with Cowen or its affiliates in connection with any legal proceeding by providing necessary information or cooperation, including but not limited to meeting with representatives of Cowen or its affiliates or their respective legal counsel, or providing testimony when necessary.

11. Arbitration. Both parties agree that all controversies that may arise out of this Agreement, or arising out of your employment with, or termination of employment from, Cowen shall be determined by arbitration in accordance with the Federal Arbitration Act to the fullest extent permitted by law. That arbitration shall be commenced and conducted through the American Arbitration Association (“AAA”) before a single arbitrator, in accordance with the rules and procedures of the AAA Employment Arbitration Rules and Mediation. By agreeing to arbitrate, you understand that you are waiving your right to a trial by a jury. The cost of such proceedings, including all filing and session fees, and all attorneys’ fees, shall be assessed in accordance with the AAA Rules or as otherwise determined by the arbitrator.

12. Entire Agreement. You represent and acknowledge that this Agreement represents the entire agreement between you and Cowen, that it supersedes any prior written, oral or implied agreement between you and Cowen regarding your employment and the termination of your employment, and that it may not be amended or modified except by a writing signed by you and Cowen. You further acknowledge that you are not relying upon any representations or statements, written or oral, made by or on behalf of Cowen that are not expressly set forth herein.

13. No Admission of Liability. This Agreement is not intended, and should not be construed, as evidence of any wrongdoing on the part of Cowen or its affiliates or subsidiaries, or as any admission of liability under any federal, state or local law or regulation of any nature whatsoever without application of any conflict of law principles. Nor may you admit, or seek to admit, either the terms or existence of this Agreement in any proceeding, arbitration or hearing, except to enforce this Agreement.

14. Applicable Law. This Agreement shall be construed and governed in accordance with the laws of the State of New York without application of any conflict of law principles.

15. Binding Effect. This Agreement shall be enforceable against, and is intended to cover you, your successors, assigns, heirs, beneficiaries and estate. This Agreement may not be amended, changed or modified, except by written instrument executed by the parties executing this Agreement.

16. Severability. The provisions of this Agreement are severable. If a court of competent jurisdiction rules that any provision of this Agreement is invalid or unenforceable, such a ruling shall not affect the validity or enforceability of any other provision of this Agreement. However, in the event that the release and waiver of claims set forth in paragraph 4 above shall in any respect be found to have been void or unenforceable, Cowen shall rewrite paragraph 4 to correct the defect. You agree that you shall then re-execute the revised document, and that you will not be entitled to any additional monies, benefits, and/or compensation thereafter.

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17. Representations and Acknowledgments. By signing this Agreement and returning it to us, you acknowledge that you:

- A. are being provided with at least twenty-one (21) days to consider whether to execute this Agreement (any or all of which you may use) and have had sufficient time to review and consider the provisions of the Agreement;
- B. have carefully read and fully understand the terms of this Agreement;
- C. are entering into the Agreement knowingly and voluntarily; and
- D. have been advised to seek advice from an attorney of your choosing prior to signing this Agreement and have been given a reasonable opportunity to seek such advice.

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You may signify your acceptance of the terms and conditions of this Agreement by signing it and returning it to me within thirty (30) days. If you have not returned the executed Agreement within the time permitted, the promises and offers contained in the Agreement shall become null and void and you will not be eligible to receive the payments and benefits described herein. If you have returned the executed Agreement within the time permitted, you may revoke the Agreement within seven (7) days of signing, by delivering written notice of revocation to me in Cowen's Human Resources Department in New York. Unless revoked, the Agreement shall become effective and enforceable on the eighth day after it is executed and returned to Cowen's Human Resources Department. In accordance with federal law regarding the waiver of claims under the ADEA, Cowen has set forth additional information regarding your severance offer in Appendix A to this Agreement.

We wish you well in your future endeavors. Should you have any questions or need clarification concerning the Agreement or any aspect of your separation, please contact me at your convenience.

Yours very truly,

COWEN GROUP, INC.

By: /s/ John E. Toffolon, Jr.

John E. Toffolon, Jr.
Lead Director
Board of Directors
Cowen Group, Inc.

ACCEPTED AND AGREED TO

/s/ Kim S. Fennebresque

Kim S. Fennebresque

Dated: March 4, 2008

APPENDIX A

Change in Control.

For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

- (i) any Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than forty percent (40%) of the combined voting power of the Company's then outstanding voting securities, excluding any Person who becomes such a beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act")) in connection with a transaction described in clause (A) of paragraph (iii) below; or
- (ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date of this Agreement, constitute the Board of Directors of the Company (the "Board") and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of this Agreement or whose appointment, election or nomination for election was previously so approved or recommended by such directors, provided, that no Change of Control for this purpose shall be deemed to occur by virtue of (i) the death, disability, retirement or voluntary resignation of any directors or (ii) the resignation, removal or other departure of any director under circumstances involving cause or under circumstances involving the affirmative vote, approval or acceptance of such departure by a majority of the remaining directors; or
- (iii) the Company executes a definitive Merger Agreement or other document(s) relating to a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity (provided, however, that if the transactions contemplated by the Merger Agreement or other documents do not close, then the execution of the definitive Merger Agreement or other document(s) shall not be deemed a Change in Control), other than (A) a merger or

consolidation which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a

merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than forty percent (40%) of the combined voting power of the Company's then outstanding securities; or

- (iv) the stockholders of the Company approve a plan of liquidation or dissolution of the Company or there is consummated an agreement for the sale or other disposition, directly, or indirectly, by the Company of all or substantially all of the Company's assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale and other than a sale.

"Person" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company or any subsidiary corporation, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary corporation, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (5) an individual, entity or group which, pursuant to Rule 13d-1 promulgated pursuant to the Exchange Act, is permitted to, and actually does, report its beneficial ownership of securities of the Company on Schedule 13G (or any successor Schedule); provided that, if any such individual, entity or group subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor Schedule), then, for purposes of this paragraph, such individual, entity or group shall thereupon become a "Person" and shall be deemed to have first acquired, on the first date on which such individual, entity or group becomes required to or does so report, beneficial ownership of all of the Company securities beneficially owned by it on such date.



March 4, 2008

Mr. Kim S. Fennebresque
 Chairman and Chief Executive Officer
 Cowen Group, Inc.
 1221 Avenue of the Americas
 14th Floor
 New York, NY 10020

Dear Mr. Fennebresque:

This letter shall constitute your agreement ("Agreement") relating to your employment with Cowen Group, Inc. (including any successor entity or its holding company, collectively "Cowen," or the "Company"), as a Senior Advisor (your "Employment"), effective as of March 4, 2008. As set forth more fully below, the Agreement shall supersede any and all prior employment agreements and letters relating to your employment with Cowen.

1. Position, Duties and Responsibilities.

- (a) Position and Base Salary. Commencing upon the date of the Agreement (the "Effective Date"), and continuing until the end of the calendar year of your seventieth (70th) birthday, except as otherwise specified herein (the "Term"), Cowen shall employ you as a Senior Advisor. In that capacity, you will be entitled to receive an annual base salary of two hundred fifty thousand dollars (\$250,000).
- (b) Duties and Responsibilities. Your duties and responsibilities shall be limited to providing advice and counsel to the Chief Executive Officer of Cowen regarding strategic initiatives and other matters to be mutually agreed upon; provided, however, that your time commitment to Cowen as a Senior Advisor shall not exceed twenty percent (20%) of the average level of bona fide services performed by you on behalf of Cowen during the thirty-six (36) month period immediately preceding the commencement of your service as a Senior Advisor.
- (c) Office Space and Administrative Assistant Services. You shall be entitled to an office of your selection to be paid for by the Company, subject to an annual aggregate cap of seventy five thousand (\$75,000.00) dollars. Such cap shall be subject to an annual increase of seven and three-tenths percent

(7.3%); provided, however, that in no event shall the aggregate annual cost to the Company exceed one hundred seventy five thousand (\$175,000.00) dollars. You shall not enter into a lease of a duration of more than two (2) years without the prior consent of the Company. Further, during the Term, you shall be entitled to the services of an administrative assistant of your choosing, who shall be a salaried employee of the Company, during your service as a Senior Advisor. To the extent your receipt of the office space benefit and/or the services of an administrative assistant results in the inclusion of income to you, the Company shall pay to you an additional amount such that your receipt of these benefits, after paying any federal, state and local income and employment taxes related to such benefits, shall result in no after-tax expense to you.

- (d) Right of Suspension of Benefits. You shall have the right to suspend your utilization of the office space benefit and the services of an administrative assistant at your discretion and retain the right to re-commence utilization of this benefit at any time during your service as a Senior Advisor; provided, however, that in no event shall your right to this benefit extend beyond your seventieth (70) birthday. In the event you exercise your right to suspend your utilization of the office space benefit, the Company shall have no obligation to pay for the office space during the suspension period.
- (e) Use of Facilities. You shall have reasonable use of and access to Cowen document processing, technical support and facilities for assistance with speeches, books and other similar projects, the costs of which will be borne the Company.
- (f) Car and Driver. You shall have continued use of the car and driver currently provided to you by the Company through December 31, 2008. As of that date, you shall have the right to assume the lease obligations as to the car.
- (g) Health Benefits. During your service as Senior Advisor, you, your spouse and your eligible dependents shall continue to receive health and medical benefits, consistent with the same basic terms and conditions then existing and applied to Cowen Managing Directors or their functional equivalents in the event the Company is merged or acquired in a Change in Control. All such health and medical benefits shall be provided in accordance with the terms and eligibility requirements of their respective plans, but in no event on terms that are less favorable than those then existing and applied to Cowen Managing Directors. Upon the expiration of your service as a Senior Advisor or upon the event of your seventieth (70th) birthday, whichever is earlier, you, your spouse and your eligible dependents shall have the right to

continue to be eligible to participate in the Company's health and medical benefit plans for the remainder of your lifetime and the lifetime of your spouse, consistent with the same basic terms and conditions then existing and applied to Cowen Managing Directors at that time, to the extent such eligibility is permissible under the health and medical benefit plans in place at the Company at that time. If you so elect to continue to participate in the Company's health and medical benefit plans, to the extent such eligibility is permissible under the health and medical benefit plans in place at the Company at that time, you will be responsible for paying the full cost of all premiums associated with such coverage; provided, however, to the extent your participation in the Company's health and medical benefit plans results in the inclusion of income to you, the Company shall pay to you an additional amount such that your participation in such health and medical benefit plans, after paying any federal, state and local income and employment taxes related to such participation, shall result in no after-tax expense to you.

2. Policies. You shall continue to be subject to and comply with Cowen's Code of Conduct, Conflict of Interest Policy, Employee Investment Policy, customary compliance policies and all other policies, rules and practices applicable to Cowen employees of similar rank and status, as now existing or as subsequently modified or supplemented by Cowen in its sole discretion, except as specified in Paragraph 7 herein and to the extent the applicability of any such policies, rules and practices may be waived or modified by the General Counsel of the Company.

3. Expenses. All documented and verified, reasonable and necessary expenses which you incur in connection with the performance of your duties hereunder shall be reimbursed in accordance with Cowen's general policies. You must submit proper documentation for each such expense within sixty (60) days after the later of (i) your incurrence of such expense or (ii) your receipt of the invoice for such expense. The Company will reimburse you for that expense within thirty (30) days after receipt of the documentation.

4. Termination of Employment.

(a) Death or disability. Your Employment as a Senior Advisor shall terminate on your death. If you become disabled, Cowen may terminate your Employment by giving you thirty (30) days written notice of its intention to terminate this Agreement. In such event, your Employment shall be terminated unless you return to full-time performance of your duties within such thirty (30) day period. "Disabled", as used herein, shall mean "Disability," as such term is defined in Section 409A of the

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Internal Revenue Code of 1986, as amended ("Section 409A"). Disputes on the issues of disability shall be determined by an impartial, reputable physician agreed upon by the parties or their respective doctors. Upon termination under this Paragraph 6(a), you or your estate shall be entitled to receive only that portion of your Base Salary and any benefits or compensation that have been earned, but unpaid, as of the date of termination.

(b) Cause. Nothing herein shall prevent the Board of Directors of Cowen, by way of a majority vote, taken in your absence, from terminating your Employment for Cause. "Cause" shall mean:

- (i) fraud, dishonesty, gross negligence or substantial misconduct in the performance of your duties and responsibilities;
- (ii) any wrongful act that materially adversely affects the business or reputation of Cowen, including, but without limitation, breach of a fiduciary duty and/or intentional material violations of Cowen policies or any violation of law;
- (iii) your failure or refusal, after written notice of such failure or refusal has been given to you by the Office of the General Counsel, upon the direction of the Board of Directors, in any material respect, to perform faithfully or diligently, the provisions of this Agreement or the duties of your position, including, by way of example and not of limitation, the failure or refusal to follow instructions reasonably given in the course of employment, or violation of any material duty to Cowen; or
- (iv) your employment by a "direct competitor" of the Company, as defined in Paragraph 7 herein.

Upon termination of your Employment for Cause, you shall be entitled to receive only your Base Salary and any other benefits or compensation that have been earned or vested in accordance with the terms of the relevant plans, if any, pursuant to which such benefits or compensation were awarded, but unpaid, as of the date of termination.

(c) Offset. In the event of termination, Cowen may offset, to the fullest extent permitted by law, any amounts due to Cowen from you, or advanced or loaned to you by Cowen, from any monies owed to you or your estate by reason of your termination.

(d) Section 409A Compliance. Notwithstanding anything in this Agreement to the contrary, in the event that you are deemed to be a "specified employee" within the meaning of Section 409A, no payment that is "deferred compensation" subject to Section 409A shall be made to the Executive prior to the date that is six (6) months after the date of your separation from service (as defined

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in Section 409A)(or such earlier date as may be permitted by Section 409A). In such event, the payments subject to the six (6)-month delay will be paid in a lump sum on the earliest permissible payment date.

5. Notice of Retirement, Resignation or Termination of Employment. During the Term of this Agreement, you will not voluntarily retire, resign or otherwise terminate your Employment as a Senior Advisor without first giving Cowen at least ninety (90) days prior written notice of the effective day of your retirement, resignation or other termination. Such written notice shall be sent, by certified mail, to Cowen Group, Inc., Attn: General Counsel, 1221 Avenue of the Americas, New York, NY 10020.

Cowen retains the right to waive the notice requirement in whole or in part. Cowen may, but shall not be obligated to, provide you with work at any time after such notice is given pursuant to this paragraph and the Cowen may, in its discretion, in respect of all or part of an unexpired period of notice: (i) require you to comply with such conditions as it may specify in relation to transitioning your duties and responsibilities, (ii) assign you other duties or (iii) withdraw any powers vested in, or duties assigned to, you.

6. Non-Solicitation.

(a) While employed and for one year thereafter, you will not, without Cowen's prior written consent, directly or indirectly, (a) solicit or induce, or cause others to solicit or induce, any employees of Cowen to leave Cowen, or in any way modify their relationship with Cowen (except your current assistant(s)), (b) hire or cause others to hire any employees of Cowen, (c) encourage or assist in the hiring process of any employees of the Cowen or in the modification of any such employee's relationship with Cowen, or cause others to participate, encourage or assist in the hiring process of any employees of Cowen.

(b) In addition, while employed and for one year thereafter, you agree you will not, directly or indirectly solicit the trade or patronage of any clients or customers or any prospective clients or customers of Cowen with respect to any products, services or other matters in which Cowen is active.

7. Non-Competition. During your Employment as a Senior Advisor, you shall be prohibited from any affiliation with a direct competitor of Cowen while serving as a Senior Advisor without the prior written consent of the Board of Directors of Cowen, which consent shall not be unreasonably withheld. In the event the Board of Directors of Cowen declines to consent to your affiliation with a

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direct competitor and you thereafter resign as a Senior Advisor at that time, your service as a Senior Advisor shall terminate for all purposes as of the date of your resignation and you shall have no right of suspension pursuant to Paragraph 1(d) herein with respect to any benefits otherwise provided to you hereunder. For purposes of this provision, the term "direct competitor" of Cowen shall mean investment banking firms engaged in both serving the same sectors as Cowen and providing similar products and services in Equity Research, Equity Sales & Trading, and Investment Banking.

8. Non-Disclosure of Confidential Information. You will not at any time, whether during your Employment or following the termination or expiration of your Employment, for any reason whatsoever, and forever hereafter, directly or indirectly disclose or furnish to any firm, corporation or person, except as otherwise required by law, any confidential or proprietary information of Cowen with respect to any respect of its operations or affairs. "Confidential or proprietary information" shall mean information generally unknown to the public to which you gain access by reason of your employment by Cowen and includes, but is not limited to, information relating to all present or potential customers, business and marketing plans, sales, trading and financial data and strategies, salaries and employment benefits, and operational costs. This provision survives the expiration of the term of this Agreement.

9. Return of Company Property and Company Work Product. All records, files, memoranda, reports, customer information, client lists, documents, equipment, and the like, relating to the business of Cowen which you prepared or came into contact with while you were an employee of Cowen, shall remain the sole property of Cowen. You agree that on request by Cowen, and in any event upon the termination of your Employment, you shall turn over to Cowen all documents, papers, or other material in your possession and under your control which may contain or be derived from confidential information, together with all documents, notes, or other work product which is connected with or derived from your services to Cowen whether or not such material is in your possession. You agree you shall have no proprietary interest in any work product developed or used by you and arising out of employment by Cowen. This provision survives the expiration of the term of this Agreement.

10. Remedies and Rights to Injunctive Relief. In the event of a breach by you of your obligation under this Agreement, Cowen, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. You acknowledge that Cowen shall suffer irreparable harm in the event of a breach or prospective breach of Paragraphs 5, 6, 7, 8 and 9 hereof and monetary damages would not be adequate compensation. Accordingly, Cowen shall be entitled to seek injunctive relief in any federal or state court of competent jurisdiction located in New York County. You waive the defense that a remedy at law would be adequate. You further agree that Cowen and its affiliates shall be entitled to recover all costs and expenses (including attorney's fees) incurred in connection with the enforcement of Cowen's rights under this Agreement.

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11. Arbitration.

(a) Both parties agree that all controversies that may arise out of this Agreement, or arising out of your employment with, or termination of employment from, Cowen shall be determined by arbitration in accordance with the Federal Arbitration Act to the fullest extent permitted by law. That arbitration shall be commenced and conducted through the American Arbitration Association ("AAA") before a single arbitrator, in accordance with the rules and procedures of the AAA Employment Arbitration Rules and Mediation. By agreeing to arbitrate, you understand that you are waiving your right to a trial by a jury. The cost of such proceedings, including all filing and session fees, and all attorneys' fees, shall be assessed in accordance with the AAA Rules or as otherwise determined by the arbitrator.

(b) The arbitrators shall not have authority to amend, alter, modify, add to or subtract from the provisions hereof. The award of the arbitrators, in addition to granting the relief prescribed above and such other relief as the arbitrators may deem proper, may contain provisions commanding or restraining acts or conduct of the parties or their representatives and may further provide for the arbitrators to retain jurisdiction over this Agreement and the enforcement thereof. If either party shall deliberately default in appearing before the arbitrators, the arbitrators are empowered, nonetheless, to take the proof of the party appearing and render an award thereon.

(c) Following a Change in Control, you shall be entitled to reimbursement for all reasonable attorneys' fees and expenses in connection with any dispute proceedings to the extent the arbitrator determines that you are entitled to such reimbursement.

12. Notices. Any notice to be given hereunder shall be in writing and delivered personally or sent by certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may designate in writing.

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To:
Mr. Kim S. Fennebresque

To:
Cowen Group, Inc.

800 Park Avenue
New York, NY 10021
And
Cowen Group, Inc.
1221 Avenue of the Americas
New York, NY 10020

General Counsel
1221 Avenue of the Americas
New York, NY 10020

Any notice delivered personally under this Paragraph shall be deemed given on the date delivered, and any notice set by certified mail, postage prepaid, return receipt requested, shall be deemed given on the date mailed.

13. Severability. Should any provision herein be rendered or declared legally invalid or unenforceable by a court of competent jurisdiction or by the decision of an authorized governmental agency, such invalidation of such part shall not invalidate the remaining portions thereof.

14. Other Agreements. You represent and warrant that you are not a party to any agreement or bound by an obligation which would prohibit you from accepting and agreeing hereto or fully performing the obligations hereunder.

15. Complete Agreement. The provisions herein contain the entire agreement and understanding of the parties and fully supersede any and all prior agreements or understandings between them pertaining to the subject matter hereof, including the Prior Agreement. There have been no representations, inducements, promises or agreements of any kind which have been made by either party, or by any person acting on behalf of either party, which are not embodied herein. The provisions hereof may not be changed or altered except in writing duly executed by you and a duly authorized agent of Cowen.

16. No Rule of Strict Construction. The language contained herein shall be deemed to be that approved by all parties hereto and no rules of strict construction shall be applied against any party hereto.

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17. Applicable Law. The interpretation and application of the terms herein shall be governed by the laws of the State of New York without regard to principles of conflict of laws.

18. No Waiver. Any failure by either party to exercise its rights to terminate this Agreement or to enforce any of its provisions shall not prejudice such party's rights of termination or enforcement for any subsequent or further violations or defaults by the other party.

19. Titles. Titles to the paragraphs in this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the title of any paragraph.

20. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

21. Section 409A. This Agreement is intended to comply with the requirements of Section 409A and shall be interpreted accordingly. In the event that any provision of this Agreement would or may cause this Agreement to fail to comply with Section 409A, such provision may be deemed null and void and you and the Company agree to amend or restructure this Agreement, to the extent necessary and appropriate to avoid adverse tax consequences under Section 409A.

22. Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon your heirs, executors, administrators, successors and legal representatives and shall inure to the benefit of, and be binding upon Cowen and its successors and assigns. You shall not assign, delegate, sub-delegate, transfer, pledge, encumber, hypothecate, or otherwise dispose of this Agreement, or any rights, obligations or duties hereunder, and any such attempted delegation or disposition shall be null and void and without any force or effect; provided, however, that nothing contained herein shall prevent you from designating beneficiaries for insurance, death or retirement benefits.

[Remainder of page intentionally blank]

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If you agree to the terms set forth in this Agreement please acknowledge your agreement by signing the signature line set forth below.

Sincerely,

COWEN GROUP, INC.

By: /s/ John E. Toffolon, Jr.

John E. Toffolon, Jr
Lead Director
Board of Directors
Cowen Group, Inc.

AGREED AND ACCEPTED

Signed: /s/ Kim S. Fennebresque

Kim S. Fennebresque

Date: March 4, 2008



March 4, 2008

David M. Malcolm
460 Long Ridge Road
Bedford, NY 10506

Dear Mr. Malcolm:

We are pleased to confirm our offer to continue your employment with Cowen Group, Inc. ("Cowen" or the "Company") based upon the terms and conditions set forth below, effective as of the date hereof (the "Effective Date"). We look forward to continuing a mutually beneficial professional relationship. As more fully set forth below, this agreement (the "Agreement") shall supersede any and all prior employment agreements and letters concerning your employment with Cowen.

1. Term.

a. This letter provides the details of the terms of your employment from the Effective Date through December 31, 2010, subject to Paragraph 1(b) below (the "Term"), and certain other terms and conditions of, and that continue through, your employment with the Company unless restricted to the Term or as otherwise specified.

b. In the event this Agreement is not otherwise renewed prior to December 31, 2010, it shall automatically renew on an annual basis on January 1 of each successive year, on such terms and conditions as may be agreed to between you and the then current Chairman of the Board of the Company. Notice of intent not to renew the Term must be provided by either party to this Agreement in writing at least ninety (90) days prior to the relevant January 1. Delivery of a notice of intent not to renew, if by the Company, shall be made by the Office of the General Counsel, upon the direction of the Board of Directors. However, this letter is not a guarantee of employment for any term or duration, since your employment will be "at will," as defined under New York law.

2. Position. You shall be employed as the Chief Executive Officer and President of the Company, and as the Chairman, Chief Executive Officer and President of Cowen and Company, LLC. You shall also be appointed, promptly following the Effective Date, to serve as a member of the Board of Directors of the Company. Your goals, responsibilities, duties and/or authority may be reviewed and modified from time to time by the

Board of Directors of the Company. You shall continue to be subject to, and must comply with, all policies and procedures applicable to Cowen employees, as now existing or as may be modified or supplemented by Cowen in its sole discretion.

3. Compensation and Benefits.

a. Base Salary. You will be paid a base salary at the rate of Two Hundred Fifty Thousand Dollars (\$250,000) per annum, less applicable tax and payroll deductions, payable in accordance with Cowen's prevailing payroll practices ("Base Salary"). Any obligation to pay your Base Salary will cease upon the termination of your employment.

b. Annual Bonus. For each such calendar year in which you are employed by Cowen, you shall be entitled to earn an annual performance-based bonus pursuant to a Company bonus plan as determined by the Compensation Committee of the Board of Directors of Cowen. The total annual bonus that may be earned by you for any year during the Term is referred to herein as the "Annual Bonus." Your Annual Bonuses for the 2008 through 2010 calendar years, and for any years thereafter, may, at the discretion of the Board of Directors of Cowen, and consistent with other senior executives of Cowen, include a certain percentage of shares, restricted shares, options, or other form of equity ownership and/or other deferred compensation.

c. CHRP Interest. Following the Effective Date, in addition to any other compensation you are entitled to receive, the Company will cause you to be admitted as a member of Cowen Healthcare Royalty GP, LLC ("GP LLC"), such that your interest in GP LLC equals six and one-quarter percent (6.25%) as of such date; provided, however, that your interest in GP LLC will relate only to the initial Cowen Healthcare Royalty Partners fund (the "Healthcare Fund"). Such membership interest in GP LLC is referred to herein as the "CHRP Interest." At the time you are admitted as a member of GP LLC, you shall purchase your interest in GP LLC from Cowen Capital Partners II, LLC or its successor entity ("CCP II") at a price equal to the aggregate amount paid by CCP II as of that date relating to the interest so purchased. Thereafter, you shall be obligated to make all future payments and contributions relating to capital calls by the Healthcare Fund and shall be entitled to receive all future distributions. You shall not be entitled to any amounts that are distributed prior to your purchase of such interest. The CHRP Interest shall vest with regard to fifty percent (50%) on January 1, 2009 and the remaining fifty percent (50%) on January 1, 2010.

d. Benefits. While employed, you may continue to participate in and receive benefits on the same basic terms and conditions as you have been participating, in accordance with the terms and eligibility requirements of Cowen's benefit plans, which may be modified, suspended or terminated by Cowen in its sole discretion.

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4. Termination of Employment.

a. By the Company Other than for Death, Disability or for Cause; By You for Good Reason. If your employment is terminated (i) by Cowen on or prior to the expiration of the Term for any reason other than due to (x) your death or Disability (as defined below) or (y) for Cause (as defined below) or (ii) by your resignation/voluntary termination with Good Reason (as defined below), your rights and interests in the CHRP Interest shall immediately vest. Further, in the event that your Employment terminates during the Term, other than for death, Disability, Cause, or your resignation/voluntary termination without Good Reason, you shall be entitled to receive a lump sum cash payment equal to that portion of your Base Salary and any other benefits or compensation earned but unpaid as of the date of termination plus an amount (the "Severance Amount") equal to Three Million Dollars (\$3,000,000), less applicable tax and payroll deductions. In addition, you shall be entitled to receive a lump sum cash payment equal to the aggregate Post-Retirement Benefits, as defined herein in Paragraph 4b. In addition, any outstanding equity awards shall become fully vested and exercisable and any restrictions thereon shall lapse, provided you have not otherwise violated the terms

of the award agreement pursuant to which such equity awards were granted. Any outstanding stock options shall remain exercisable for the remainder of the respective terms of such stock options (taking into account any provisions of the equity incentive plan or option agreements that cause them to expire or be replaced in connection with changes in control or similar events). You will also be required to sign a Settlement Agreement and Release of the Company in a form prepared by the Company, which will include a general release of known and unknown claims, a return of Company Property, nondisparagement and a requirement to cooperate regarding any future litigation. Such compensation shall be paid to you within thirty (30) days of the date of termination of your Employment, assuming you have signed the severance agreement referred to in the prior sentence.

b. Post-Retirement Benefits. When, by reason of the expiration of the Term, or by reason of your retirement (as that term is defined in the Company's 2007 Equity and Incentive Plan) at any time on or after the date that annual bonuses are paid by Cowen in connection with the 2010 calendar year compensation cycle, you cease to serve as the Chief Executive Officer and President of the Company, and as the Chairman, Chief Executive Officer and President of Cowen and Company, LLC, provided you are otherwise an employee in good standing at that time, and continuing for a three (3) year period, Cowen will employ you as a Senior Advisor. In that capacity, you will be entitled to receive an annual salary of Seven Hundred Fifty Thousand Dollars (\$750,000). Your duties and responsibilities shall be limited and defined by mutual agreement by you and the Board of the Directors of the Company; provided that your time commitment to Cowen as a Senior Advisor shall not exceed twenty percent (20%) of the average level of bona fide services performed by you on behalf of Cowen during the thirty-six (36) month period immediately preceding the commencement of your service as a Senior Advisor. During your service as Senior Advisor, you, your spouse and your eligible dependents shall continue to receive health and medical benefits, to the extent such eligibility is permissible under the health and medical benefit plans in place at the Company at that time. All such health and medical benefits shall be provided in accordance with the terms

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and eligibility requirements of their respective plans, but in no event on terms that are less favorable than those then existing and applied to Cowen Managing Directors. Upon ninety (90) days' written notice, you may terminate your service as a Senior Advisor. Your employment as a Senior Advisor may be terminated for "Cause", as that term is defined in Paragraph 4d herein, following a vote of the Board of Directors of the Company, excluding you. During your service as a Senior Advisor, you shall be subject to the applicable policies and procedures of Cowen.

c. Death or Disability. Your employment shall terminate on your death. If you become "Disabled," Cowen may terminate your employment by giving you thirty (30) days' written notice of its intention to do so unless you return to full-time performance of your duties within such thirty (30)-day period. "Disabled" and "Disability," as used herein, shall mean your inability to perform the essential duties and responsibilities of your job with or without reasonable accommodation, for a continuous period of ninety (90) days or more, or for one hundred twenty (120) days or more in a twelve (12)-month period, due to a physical or mental condition. Disputes on the issues of Disability shall be determined by an impartial, reputable physician agreed upon by the parties or their respective doctors. Upon termination under this paragraph 4d, you or your estate shall be entitled to retain all rights and interest in the CHRP Interest. In addition, you or your estate shall be entitled to receive only that portion of your Base Salary earned, but unpaid, as of the date of termination.

d. Termination for Cause. The Company may terminate your employment for Cause. Upon termination of employment for Cause, you shall be entitled to receive only the Base Salary earned and unpaid as of the date of termination, and shall not be entitled to any bonus compensation for fiscal years ending after such termination date. Upon termination under this paragraph, you or your estate shall be entitled to retain any amounts distributed to you in connection with your receipt of the CHRP Interest; provided, however, the entirety of your membership interest in GP LLC shall revert back to CCP II at cost, and CCP II shall pay to you the sum of your membership interest payments (i.e., the amount you paid to CCP II for the interest) plus any amounts subsequently paid by you in connection with capital calls, if any. For purposes of this Agreement, "Cause" shall mean the occurrence of an event set forth in clauses (i) through (iv) below as determined by the Board of Directors of Cowen in good faith:

- i. your conviction of any crime (whether or not related to your duties at Cowen), with the exception of minor traffic offenses;
- ii. fraud, dishonesty, gross negligence or substantial misconduct in the performance of your duties and responsibilities;
- iii. your violation of or failure to comply with the Company's internal policies or the rules and regulations of any regulatory or self-regulatory organization with jurisdiction over Cowen;

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iv. your failure to perform the material duties of your position, including, by way of example and not of limitation, the failure or refusal to follow instructions reasonably given by your superiors in the course of employment.

e. Termination with or without Good Reason. You may terminate your employment with or without "Good Reason". Subject to the provisions of Paragraph 4d herein, upon termination of employment without Good Reason, you shall be entitled to receive only the Base Salary earned and unpaid as of the date of termination, that portion of the CHRP Interest that has vested at that time, but you shall not be entitled to any bonus compensation for fiscal years ending after such termination date nor the Post-Retirement Benefits. For purposes of this Agreement, "Good Reason" shall mean:

- i. any requirement that your services during the Term be rendered primarily at a location or locations other than Cowen's offices in New York, New York;
- ii. a material diminution by the Company of your role and responsibility as the Chief Executive Officer and President of the Company, and as the Chairman, Chief Executive Officer and President of Cowen and Company, LLC.

A resignation for 'Good Reason' under this Agreement requires that you give written notice of your intent to resign pursuant to such event within 90 days following such occurrence, provide the Company with at least 30 days to cure the requirement or diminution, and resign no later than 90 days after the requirement or diminution.

f. Further Effect of Termination on Board and Officer Positions. If your employment ends for any reason, you agree that you will cease immediately to hold any and all officer or director positions you then have with the Company or any subsidiary, absent a contrary direction from the Board (which may include either a request to continue such service or a direction to cease serving upon notice without regard to whether your employment has ended), except to the extent that you reasonably and in good faith determine that ceasing to serve as a director would breach your fiduciary duties to the Company. You hereby irrevocably appoint the Company to be your attorney to execute any documents and do anything in your name to effect your ceasing to serve as a director and officer of the Company and any subsidiary, should you fail to resign following a request from the Company to do so. A written notification signed by a director or duly authorized officer of the Company that any instrument, document or act falls within the authority conferred by this clause will be conclusive evidence that it does so.

g. Offset. In the event of your termination of employment, the Company may offset, to the fullest extent permitted by law, any amounts due to the Company from you,

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or advanced or loaned to you by the Company, from any monies owed to you or your estate by reason of your termination.

5. Change in Control.

(a) Upon a Change in Control (as defined below) during the Term, any outstanding equity award shall become fully vested and exercisable and any restrictions thereon shall lapse. Any outstanding stock options shall remain exercisable for the remainder of the respective terms of such stock options, subject to any earlier termination under the applicable equity incentive plan in light of the Change in Control and taking into account any other provisions of the equity incentive plan or option agreements that cause them to expire or be replaced in connection with similar events.

(b) Upon your termination of Employment (other than for Cause or resulting from your death or Disability) within twelve (12) months following a Change in Control (as defined below) during the Term, you shall be entitled to the compensation and benefits described in Paragraph 4a ; provided, however, that in the event of a company-initiated termination other than for Cause or a resignation/voluntary termination for Good Reason, in lieu of the Severance Amount set forth in Paragraph 4a, you shall be entitled to receive an amount (the "Change in Control Severance Amount") equal to Five Million Dollars (\$5,000,000), less applicable tax and payroll deductions.

(c) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

- (i) any Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than forty percent (40%) of the combined voting power of the Company's then outstanding voting securities, excluding any Person who becomes such a beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act")) in connection with a transaction described in clause (A) of paragraph (iii) below; or
- (ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date of this Agreement, constitute the Board of Directors of the Company (the "Board") and any new director (other than a director whose initial assumption of office is in

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connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of this Agreement or whose appointment, election or nomination for election was previously so approved or recommended by such directors, provided, that no Change of Control for this purpose shall be deemed to occur by virtue of (i) the death, disability, retirement or voluntary resignation of any directors or (ii) the resignation, removal or other departure of any director under circumstances involving cause or under circumstances involving the affirmative vote, approval or acceptance of such departure by a majority of the remaining directors; or

- (iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (A) a merger or consolidation which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than forty percent (40%) of the combined voting power of the Company's then outstanding securities; or
- (iv) the stockholders of the Company approve a plan of liquidation or dissolution of the Company or there is consummated an agreement for the sale or other disposition, directly, or indirectly, by the Company of all or substantially all of the Company's assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets

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to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale and other than a sale.

"Person" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company or any subsidiary corporation, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary corporation, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (5) an individual, entity or group which, pursuant to Rule 13d-1 promulgated pursuant to the Exchange Act, is permitted to, and actually does, report its beneficial ownership of securities of the Company on Schedule 13G (or any successor Schedule); provided that, if any such individual, entity or group subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor Schedule), then, for purposes of this paragraph, such individual, entity or group shall thereupon become a "Person" and shall be

deemed to have first acquired, on the first date on which such individual, entity or group becomes required to or does so report, beneficial ownership of all of the Company securities beneficially owned by it on such date.

6. Notice of Retirement/Resignation. You shall not voluntarily Retire, resign (other than for Good Reason) or otherwise terminate your employment relationship with the Company or any of its affiliates without first giving the Company at least one hundred eighty (180) days' prior written notice of the effective date of your retirement, resignation or other termination (the "Notice Period"). Such written notice shall be sent by certified mail to Cowen and Company, LLC, Attn: Human Resources Department, 1221 Avenue of the Americas, New York, NY 10020. The Company retains the right to waive the notice requirement in whole or in part or to place you on paid leave for all or part of the Notice Period. In the alternative, at any time after you give notice, the Company may, but shall not be obligated to, provide you with work and (i) require you to comply with such conditions as it may specify in relation to transitioning your duties and responsibilities; (ii) assign you other duties; or (iii) withdraw any powers vested in, or duties assigned to you.

7. Non-Solicitation. You agree that if you voluntarily terminate your employment or if your employment is terminated for any reason, you shall not, while employed and for a period of one year following the expiration of the Notice Period, without the prior written consent of the Board of Directors, directly or indirectly: (a) solicit or induce, or cause others to solicit or induce, any employees of the Company to leave the Company or

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in any way modify their relationship with the Company; (b) hire or cause others to hire any employees of the Company; (c) encourage or assist in the hiring process of any employees of the Company or in the modification of any such employee's relationship with the Company, or cause others to participate, encourage or assist in the hiring process of any employees of the Company; or (d) directly or indirectly solicit the trade or patronage of any clients or customers or any prospective clients or customers of the Company with respect to any investment banking products, services, trade secrets or other investment banking matters in which the Company is active. This provision shall survive the expiration of the Term.

8. Non-Disclosure of Confidential Information. You shall not at any time, whether during your employment or following the termination of your employment, for any reason whatsoever, directly or indirectly disclose or furnish to any entity, firm, corporation or person, except as otherwise required by law or in the direct performance of your duties, any confidential or proprietary information of the Company with respect to any aspect of its operations, business or clients. "Confidential or proprietary information" shall mean information generally unknown to the public to which you gain access by reason of your employment by the Company and includes, but is not limited to, information relating to all present or potential customers, business and marketing plans, sales, trading and financial data and strategies, operational costs, and employment benefits and compensation. This provision shall survive the expiration of the Term.

9. Company Property. All records, files, memoranda, reports, customer information, client lists, documents and equipment relating to the business of the Company, which you prepare, possess or come into contact with while you are an employee of the Company, shall remain the sole property of the Company. You agree that upon the termination of your employment, you shall provide to the Company all documents, papers, files or other material in your possession and under your control that are connected with or derived from your services to the Company. You agree that the Company owns all work product, patents, copyrights and other material produced by you during your employment with the Company. This provision shall survive the expiration of the Term.

10. Injunctive Relief. In the event of a breach by you of your obligations under this Agreement, the Company, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. You acknowledge that the Company shall suffer irreparable harm in the event of a breach or prospective breach of paragraphs 6, 7, 8, and/or 9 hereof and that monetary damages would not be adequate relief. Accordingly, the Company shall be entitled to seek injunctive relief in any federal or state court of competent jurisdiction located in New York County, or in any state in which you reside. You further agree that the Company and its affiliates shall be entitled to recover all costs and expenses (including attorneys' fees) incurred in connection with the enforcement of the Company's rights hereunder. This provision shall survive the expiration of the Term.

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11. Arbitration. Any and all disputes arising out of or relating to your employment or the termination of your employment with Cowen, including any statutory claims based on alleged discrimination, will be submitted to and resolved exclusively by the American Arbitration Association ("AAA") pursuant to the AAA's Employment Arbitration Rules and Mediation Procedures. The arbitration shall be held in the City of New York. The Company and you each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement. The arbitration award shall be binding upon both parties, and judgment upon the award may be entered in a court of competent jurisdiction.

12. Severability. Should any provision herein be rendered or declared legally invalid or unenforceable by a court of competent jurisdiction or by the decision of an authorized governmental agency, invalidation of such part shall not invalidate the remaining portions thereof.

13. Other Agreements. You represent and warrant that you are not a party to any agreement or bound by any obligation, restrictive covenant or non-competition agreement that would prohibit you in any way from accepting and agreeing to this offer or from fully performing the obligations of your employment with Cowen.

14. Complete Agreement. The provisions herein contain the entire agreement and understanding of the parties regarding compensation and your employment and fully supersede any and all prior agreements, representations, promises or understandings, written or oral, between them pertaining to the subject matter. The provisions of this Agreement may not be changed or altered except in writing signed by you and a duly authorized agent of Cowen.

15. Choice of Law. The interpretation and application of the terms herein, and your employment relationship at Cowen, shall be governed by the laws of the State of New York without regard to principles of conflict of laws.

16. No Waiver. Any failure by either party to exercise its rights to terminate this offer or to enforce any of its provisions shall not prejudice such party's rights of termination or enforcement for any subsequent or further violations, breaches or defaults by the other party. A waiver of any provision of this Agreement shall not be valid or effective unless memorialized in writing and signed by both parties to this letter.

17. Assignment. The rights and obligations of Cowen under this offer will be transferable, and all of its covenants and agreements will be binding upon and be enforceable by its successors and assigns. You may not assign your rights under this letter and the terms and conditions stated herein.

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18. Tax Compliance. The Company or any of its applicable affiliates shall withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld under any applicable law or regulation and other required or applicable deductions. If and to the extent any portion of any payment, compensation or other benefit provided to you in connection with your separation from service (as defined in Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and you are a specified employee as defined in Section 409A(a)(2)(B)(i), as determined by the Company or any of its applicable affiliates in accordance with its procedures, by which determination you hereby agree that you are bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "New Payment Date")), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to you during the period between the date of separation from service and the New Payment Date shall be paid to you in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Neither the Company nor any of its applicable affiliates nor you shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. This Agreement is intended to comply with the provisions of Section 409A and the Agreement shall, to the extent practicable, be construed in accordance therewith. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. In any event, neither the Company nor any of its affiliates makes any representations or warrant and shall have no liability to you or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Section 409A but not to satisfy the conditions of that section.

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Please indicate your acceptance of these terms by signing and returning one copy of this letter. The second copy is for your records.

Yours very truly,

COWEN GROUP, INC.

By: /s/ John E. Toffolon, Jr.
John E. Toffolon, Jr.
Lead Director
Board of Directors
Cowen Group, Inc.

ACCEPTED AND AGREED TO

/s/ David M. Malcolm
David M. Malcolm

Dated: March 4, 2008

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For Immediate Release**Kim S. Fennebresque, Chairman and Chief Executive Officer of Cowen Group, Inc., Retires After 10 Years**

New York, March 4, 2008 - Cowen Group, Inc. (Nasdaq: COWN) today announced that its Chairman and Chief Executive Officer, Kim S. Fennebresque, is retiring as Chief Executive Officer after 10 years with the firm, effective immediately. Mr. Fennebresque will become Non- Executive Chairman of the Board. David M. Malcolm, current Executive Vice Chairman, has been appointed President and Chief Executive Officer, effective immediately. Mr. Malcolm has also been appointed to the Board of Directors.

Board member and Lead Director John E. Toffolon, Jr. said, "Greg Malcolm is the ideal person to lead Cowen at this time. He has an impressive background in the industry, and his unique skills and experience have served Cowen well during his past 12 years with the firm. He and Kim were a formidable team, and I look forward to the leadership and insight that Greg will provide as we continue to grow on the solid foundation that Kim put in place."

Mr. Fennebresque concurred, saying, "It has been my privilege to lead this great firm for the past 10 years. I have been the beneficiary of the hard work and dedication of countless colleagues. I am confident that under Greg's leadership Cowen will successfully weather these difficult markets and flourish in the years ahead."

In accepting Mr. Fennebresque's retirement, the Board of Directors expressed appreciation for his years of leadership, service and dedication. Mr. Toffolon said, "I have worked with Kim for many years and have experienced firsthand his integrity, his leadership and his understanding of the industry. We will miss him as CEO, however, I am pleased that we will continue to have the benefit of his guidance as Non-Executive Chairman of the Board."

About Cowen Group, Inc.

Cowen Group, Inc., through Cowen and Company, LLC and Cowen International Limited, provides investment banking services, including underwriting and other capital raising solutions, equity research, sales, trading and mergers and acquisitions advice, to emerging growth companies in sectors including healthcare, technology, media and telecommunications, aerospace and defense, consumer and alternative energy.
