



DEAR SHAREHOLDERS, PARTNERS, COLLEAGUES AND FRIENDS:

In 1918, the world looked quite different than it does today. It was the end of the Great World War and the beginning of what would become known as the American Century. It was also the year that Cowen was founded.

The past 100 years have brought tremendous global change economically, politically and socially. There were booms and busts, wars and revolutions, the rise and fall of despots, horrible pandemics followed by miracle cures, and there was the invention of the semiconductor which underpinned an increase in the rate of technological change unlike any other in the history of humanity. Markets changed too, in ways that no one could possibly have predicted back in 1918.

And through it all, Cowen has not only survived, but we have prospered.

We did so by attracting amazing, team-oriented people who have worked tirelessly to deliver positive outcomes for clients regardless of market conditions. We did so by anticipating the needs of our clients as they evolved. We did so by creating an empathetic culture that recognizes the value of long-term partnership with each other and with our clients.

We have a long Cowen tradition of thinking ahead, anticipating new challenges and sensing new opportunities. We have often said that change is the only constant in our business. Change is what motivates us to think about who we are, what we stand for, what role we play in the lives of our clients and what we need to do to stay Ahead of The Curve™.

Many of the decisions we have made in recent years laid the groundwork for the growth we have experienced. In 2017 revenue expanded 42% from the prior year to \$666 million. Economic income was \$15.8 million, a \$44.5 million improvement from the economic income loss reported in the prior year. These results move us closer towards our goal of sustainable profitability and set us up for a stronger 2018.

COWEN OUTPERFORM™

Leading Cowen is a tremendous responsibility and a mission that we have embraced with a deep sense of commitment since we merged Ramius into Cowen in 2009. We take tremendous pride in making a difference in the lives of our clients and partners every day by helping them do better than they would otherwise do without us.

Our Outperform™ brand speaks to who we are as a team and who we aspire to be as individuals on that team and it crystallizes our mission: **to promote an empathetic and collaborative culture that advises and connects aspirational providers and users of capital.**

The bar for consistently achieving outperformance is a high one. Everything we do as an organization has to be exceptional because the pressure on our clients to outperform their peers has never been greater. Whether it is active managers trying to outperform passive managers, companies aiming to outperform their peer groups, or investors looking to identify investment strategies to meet their long term outperformance objectives, Cowen has superior solutions driven from our market position as the pre-eminent content network.

At the center of our excellence is original, creative thought combined with the power of human collaboration and interaction. Our responsibility at Cowen is to foster a sharing environment that encourages and enables our talented professionals to flourish under that ideal. Aided by intelligent technology, we believe in these uniquely human traits that cannot be automated or replicated.

In addition, our long term success has been built around trust, transparency and insight, none of which ever go out of style. Whether we are advising corporate clients on strategic mergers and acquisitions or connecting them to providers of capital to finance their growth, providing active portfolio managers with sophisticated research or independent, non-conflicted trade execution, and other alpha generating tools, or offering clients access to differentiated alternative investment products, we do so with one thing in mind: helping our clients Outperform.

FORWARD THINKING AND FORWARD LOOKING

In order to appreciate our view of Cowen's role in the future, we want to take a moment to review the opportunities and decisions we made over the last eight years that have enabled us to capture the opportunities that are now upon us.

Markets and Research

Over the past decade, as we recognized the rise of passive investing and considered its impact on those who believe in the value of active management, we made strategic decisions to scale our markets business and deepen our research capabilities. Well before the implementation of MiFID II, a European regulation with global implications to research and trading firms worldwide, we recognized that our clients were moving towards a separation of payments between research and trading commissions. In this "unbundled" environment, we believed that the winners would be those firms that provide differentiated capabilities in both research and trade execution. As a result, over the last 5 years, we transformed our platform to become a leader in independent, non-conflicted cash and electronic trading as well as a premier research platform.

In addition to the organic changes we made, the transformation began with the acquisition of Algorithmic Trading, a broker neutral electronic trading platform. At the time we were a cash equities

business in a world where a growing percentage of clients were seeking high quality, independent electronic execution. This was followed by the 2013 acquisition of Dahlman Rose which provided us with additional research and markets expertise as well as greater connectivity with clients. In 2015 we entered the prime services space with the acquisitions of Concept Capital and Conifer Securities. In 2016 we added the macro team from Washington Research Group and expanded into fixed income sales and trading by acquiring certain businesses from CRT, a leader in distressed debt and special situation equities.

Finally, with the 2017 acquisition of Convergenx, a leading agency-focused global brokerage and trading related services provider, we doubled the size of our brokerage platform and have become a top broker of choice among clients who seek market liquidity through a non-conflicted agency model. The markets business is about both scale and excellence, especially as the buy side continues to consolidate their commissions towards those research providers that add the most value to their process. Our markets business today reflects our dedication to serving our clients' needs in an evolving, complex market environment.

Our dedication to providing premium quality research has always been a central pillar at Cowen. Today we are one of the largest research franchises on the Street and one of a few firms offering sophisticated, agenda-setting research. On average we experience 20% greater readership of our research compared to our peers. Our analysts are experts within their sectors and unafraid to challenge conventional wisdom. Our Ahead of the Curve™ reports are the hallmark of our research effort. These reports focus on a non-consensus idea or an investment controversy or a topic.

Over the years we made significant improvements in our vote standing with our clients because of the great emphasis we place on research and the alignment of the firm's efforts with those clients that find value in what we do. Heading into 2018, we believe we will be a major beneficiary of the reallocation of commission dollars given our differentiated equities franchise which offers both strong research capabilities and sophisticated, non-research based agency execution at scale.

Investment Banking

Capital raising has long been a core competency at Cowen but it took several years for us to achieve our respected position in equity financings generally and healthcare specifically. Early on, we recognized that a strong capital markets franchise would serve as the base upon which we could begin to build out our advisory capabilities and that could serve as a growth catalyst for our distribution capabilities.

Beginning in 2011, our priority was to build an investment banking and capital markets business that provided impactful advice and access to high quality deal flow. We chose to align ourselves with companies in industries where we felt that our involvement would have a positive impact through our

ability to advise and connect corporate clients with the right investors to foster their growth. Our initial efforts were focused on growing the sectors that we felt benefitted most from equity financings. Over the past 6 years, we have invested in building out other industries and product areas organically by investing in teams and individuals. Today not only are we one of the top equity underwriters in healthcare, but we have a growing presence in issuance and advisory in other verticals such as tech, consumer, and industrials. Indeed, the momentum we saw in advisory entering into 2017 resulted in our strongest revenue year yet.

Investment Management

Over the last two decades, the investment management industry has matured and asset allocators have become more discerning regarding the number of alpha generating capabilities available. In order to attract assets, investment funds need to provide differentiated offerings for a range of investors.

Ramius was initially founded primarily as a multi-strategy and a fund of funds business. We were successful pursuing those strategies for many years but recognized the significant shift by allocators away from our core products following the financial crisis. Following the combination with Cowen, we set about to reformulate our business into a platform comprised of differentiated single strategy capabilities as we returned a significant portion of our multi-strategy and fund of fund assets to our investors.

We pursued an affiliate strategy in an attempt to scale our investment businesses by utilizing in-house talent we had developed at Cowen as well as partnering with portfolio teams outside of the firm. By 2015 our platform grew to consist of ten affiliates with billions of dollars of capacity. While we found success in scaling certain affiliates, others proved to be more difficult. As a result, in 2017, with new senior management in place, we eliminated three strategies that were subscale (consumer long/short, managed futures and credit as well as global macro in early 2018) even as we launched a new strategy (private healthcare) and scaled those that were clearly differentiated. We ended the year with \$11 billion in assets under management, which is an increase of \$459 million from the prior year.

Moving forward, we will be selective in how we grow by focusing on investment capabilities that are both saleable and scalable as we draw more closely upon the expertise and DNA of Cowen more broadly. Our new private healthcare strategy, which makes mid-to-late stage investments into innovative private biopharmaceutical and healthcare companies is an excellent example of “Cowen DNA.” The strategy, launched in late 2017 by our former head of investment banking, is the first to have been incubated internally and to capitalize on our well-regarded healthcare franchise. The solid investor interest we have seen thus far speaks to the Cowen brand as well as our track record in the strategy.

DYNAMIC AND ENERGIZED

Now, in 2018, we are at an amazing point in our history where we can further distinguish Cowen with the opportunities ahead. We are impacting the lives of our clients and partners in ways we could never have imagined in 2009 when Ramius merged into Cowen. It is gratifying to see those clients recognize that we are doing something different.

While the growth in passive management makes the daily headlines, the truth is that allocations to active assets managers have never been greater. Therefore, we need to be at the top of our game in everything we do in order to extend our market position.

While many things at Cowen are going well, we have more work to do. Our number one priority is to create shareholder value by improving our return on equity. We intend to increase our earnings power by scaling businesses that drive margin and by focusing on opportunities where we have strong domain expertise. We will look to improve consistency in our financial results by harmonizing our balance sheet activities with our operating businesses and improving our revenue diversification. We are taking steps to lower quarterly earnings volatility by growing the contribution from recurring revenue businesses while creating more predictability in income generated from our invested capital. And we will look to simplify our balance sheet to ensure our financial assets are rowing in the same direction as our business strategy. The impact of these objectives will take time to play out in our financial results, but we are already making progress.

BUILT ON TRADITION

As we enter our second century, the very same core values that have sustained Cowen over the past 100 years remain central to our mission today: vision, empathy, sustainability and tenacious teamwork.

We will continue to drive positive change in a holistic manner for all of our most important constituents: our clients, our employees and our shareholders.

The future is filled with opportunity and we are well positioned to take advantage.

Thank you for your ongoing support.



Peter A. Cohen
Chairman



Jeffrey M. Solomon
Chief Executive Officer

AN ADDITIONAL THOUGHT FROM PETER:

As we announced in May, I have chosen not to stand for re-election as Chairman of Cowen at our upcoming annual meeting on June 26. First, to all of you that have been a part of my journey, I offer you a very big “thank you.” It has been a privilege to lead this organization and our outstanding professionals.

Cowen’s future has never looked brighter. So, the timing is right for me to leave the Board so that I can devote the balance of my career to investments and opportunities that I will pursue personally and to leverage my 50-years of experience on Wall Street.

Over the course of my career, I have always enjoyed acting as a principal even though I was in operating positions. I look forward to devoting my future to the investment side of the business even as I will continue to work with Cowen on our private investments on the balance sheet, as well as other areas.

Jeff Solomon, with whom I have worked closely since 1990, and our team, have played a large part of helping our organization to get to where it is today. I am proud to know that under his leadership, Cowen will move to even higher levels.

Since the founding of Ramius 24 years ago, we have been able to create a thriving and vibrant organization that makes a difference in the lives of our clients and each other. Nothing gives me more pride than knowing that I am leaving Cowen in the best position it has been in over two decades. Our announcement of first quarter results was our best since the Cowen / Ramius business combination in 2009 and reflects the many steps we have taken over the past few years to position our organization for success.

2018 not only marks the 100th anniversary of Cowen’s founding, but it also marks my 50th year on Wall Street. I am proud that I had the opportunity to work in businesses that helped to reshape our industry over the past five decades. Early on, I was fortunate to have worked side by side with great partners to create what ultimately became Shearson Lehman Hutton, which became the largest investment bank and retail brokerage business in world. When I founded Ramius, I had hopes that we would accomplish success by delivering innovative investment strategies for our clients, many of which were my friends and family. Not only did we accomplish that, but we built an organization that had staying power, even during the Great Recession. In 2009, when we combined our firm with Cowen, I found myself in the enviable position of getting another chance to engage in the business I first fell in love with when I was a research analyst in the late 1960s.

I could not be more excited to see where Cowen will go from here.

Thank you for your trust, support and faith in me over the years.

Warmest regards,

