

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

Annual Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the fiscal year ended: December 31, 2014

Commission file number: 001-34516

**Cowen Group, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

599 Lexington Avenue  
New York, New York 10022  
(212) 845-7900

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Class A Common Stock, par value \$0.01 per share	The Nasdaq Global Market
8.25% Senior Notes due 2021	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No  Q

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No  Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No  Q

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No  Q

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Annual Report on Form 10-K or any amendment to the Annual Report on Form 10-K.  Q

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

Large accelerated filer

Accelerated filer  Q

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

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No  Q

The aggregate market value of Class A common stock held by non-affiliates of the registrant on June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price of the Class A common stock on the NASDAQ Global Market on that date was \$448,508,183.

As of March 27, 2015 there were 111,168,781 shares of the registrant's common stock outstanding.

Documents incorporated by reference:

Part III of this Annual Report on Form 10-K/A incorporates by reference information (to the extent specific sections are referred to herein) from the Registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders.

## Explanatory Note

This Amendment No. 1 to Annual Report on Form 10-K/A amends the Annual Report on Form 10-K for the year ended December 31, 2014 of Cowen Group, Inc. (the "Company" or "Cowen"), which was filed with the Securities and Exchange Commission on February 26, 2015. This Form 10-K/A is being filed solely for the purpose of providing separate audited financial statements of Starboard Value A LP ("Starboard") which comprise the statements of assets, liabilities and partners' capital as of December 31, 2014 and December 31, 2013, and the related statements of income, statements of changes in partners' capital and statements of cash flows for each of the three years in the period ended December 31, 2014 in accordance with Rule 3-09 of Regulation S-X. The audited financial statements and Independent Auditor's Report of Starboard Value A LP, are filed as Exhibit 99.1 and are included as financial statement schedules in Item 15(c), "Exhibits and Financial Statement Schedules" of this Form 10-K/A. The Company accounts for its interest in Starboard under the equity method of accounting. The financial statements of Starboard as of December 31, 2014 and 2013 and for the three years in the period ended December 31, 2014 were not available at the time that the Company filed its Annual Report on Form 10-K on February 26, 2015.

The consent of PricewaterhouseCoopers LLP, independent auditors for the Company, is also filed as an exhibit to this Amendment No. 1 to Annual Report on Form 10-K/A. In addition, this Form 10-K/A includes an updated exhibit index in respect thereof and certifications under Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

Except as described above, this Amendment No. 1 on Form 10-K/A does not update or modify any other information presented in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as originally filed. This Amendment No. 1 does not update or modify in any way the financial position, results of operations, cash flows, equity or related disclosures in the Company's Annual Report on Form 10-K, and does not reflect events occurring after the Form 10-K's original filing date of February 26, 2015. Accordingly, this Form 10-K/A should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and the other Company filings made with the SEC subsequent to the filing of the Annual Report on Form 10-K for the year ended December 31, 2014.

**Item 15. Exhibits and Financial Statement Schedules**

- (c) Refer to Exhibit 99.1 to this Amendment No 1. to the Annual Report on Form 10-K/A for the separate audited financial statements and related disclosures of Starboard Value A LP pursuant to Rule 3-09 of Regulation S-X.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COWEN GROUP, INC.

By: /s/ PETER A. COHEN  
Name: Peter A. Cohen  
Title: *Chairman of the Board and Chief Executive Officer*  
Date: March 30, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ PETER A. COHEN</u> Peter A. Cohen	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 30, 2015
<u>/s/ STEPHEN A. LASOTA</u> Stephen A. Lasota	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 30, 2015
<u>/s/ KATHERINE E. DIETZE</u> Katherine E. Dietze	Director	March 30, 2015
<u>/s/ STEVEN KOTLER</u> Steven Kotler	Director	March 30, 2015
<u>/s/ JEROME S. MARKOWITZ</u> Jerome S. Markowitz	Director	March 30, 2015
<u>/s/ JACK H. NUSBAUM</u> Jack H. Nusbaum	Director	March 30, 2015
<u>/s/ JEFFREY M. SOLOMON</u> Jeffrey M. Solomon	Director and President	March 30, 2015
<u>/s/ JOSEPH R. WRIGHT</u> Joseph R. Wright	Director	March 30, 2015

---

**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith).
31.1	Certification of CEO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of CFO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification of CEO and CFO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002 (furnished herewith).
99.1	Starboard Value A LP Audited Financial Statements (filed herewith).

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-197513, No. 333-177492 and No. 333-170591) and S-8 (No. 333-202529, No. 333-194520, No. 333-187355, No. 333-180046, No. 333-174283, No. 333-167360 and No. 333-162785) of Cowen Group, Inc. of our report dated March 30, 2015 relating to the financial statements of Starboard Value A LP which appears in this Form 10-K/A -Amendment No. 1.

/s/ PRICEWATERHOUSECOOPERS LLP  
New York, New York  
March 30, 2015

**Certification**

I, Peter A. Cohen, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Cowen Group, Inc:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2015

/s/ PETER A. COHEN

Name: Peter A. Cohen

Title: *Chief Executive Officer*  
*(principal executive officer)*

**Certification**

I, Stephen A. Lasota, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Cowen Group, Inc:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2015

/s/ STEPHEN A. LASOTA

Name: Stephen A. Lasota

Title: *Chief Financial Officer (principal financial officer and principal accounting officer)*



**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Cowen Group, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 30, 2015

/s/ PETER A. COHEN

\_\_\_\_\_  
Name: Peter A. Cohen  
Title: Chief Executive Officer  
(principal executive officer)

/s/ STEPHEN A. LASOTA

\_\_\_\_\_  
Name: Stephen A. Lasota  
Title: Chief Financial Officer (principal financial  
officer and principal accounting officer)

\* The foregoing certification is being furnished solely pursuant to 18 U.S.C Section 1350 and is not being filed as part of the Report or as a separate disclosure document

# Starboard Value A LP

(a Delaware limited partnership)

**Financial Statements**

**December 31, 2014**

---

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Table of Contents**

---

	<b>Page(s)</b>
<b>Independent Auditor's Report</b>	2
<b>Financial Statements</b>	
Statements of Assets, Liabilities and Partners' Capital	3
Statements of Income	4
Statements of Changes in Partners' Capital	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

---

## Independent Auditor's Report

To the Management of Starboard Value A LP:

We have audited the accompanying financial statements of Starboard Value A LP (the "Partnership"), which comprise the statements of assets, liabilities and partners' capital as of December 31, 2014 and December 31, 2013, and the related statements of income, statements of changes in partners' capital and statements of cash flows for each of the three years in the period ended December 31, 2014.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Starboard Value A LP at December 31, 2014 and December 31, 2013, and the results of its operations and its cash flows for the three years in the period ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

/s/ PRICEWATERHOUSECOOPERS LLP  
New York, New York  
March 30, 2015

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Statements of Assets, Liabilities and Partners' Capital**  
(dollars in thousands)  
As of December 31, 2014 and 2013

	December 31,	
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 196	\$ 14
Investments in Portfolio Funds, at fair value	3,538	2,202
Realized performance fees receivable	53,026	18,585
Accrued unrealized performance fees	40,584	6,628
<b>Total Assets</b>	<u>97,344</u>	<u>27,429</u>
Commitments and contingencies (Note 5)		
Partners' capital	97,344	27,429
<b>Total liabilities and partners' capital</b>	<u>\$ 97,344</u>	<u>\$ 27,429</u>

The accompanying notes are an integral part of these financial statements.

**Starboard Value A LP**

(a Delaware limited partnership)

**Statements of Income**

(dollars in thousands)

**For the Years Ended December 31, 2014, 2013 and 2012**

	Year ended December 31,		
	2014	2013	2012
<b>Revenues</b>			
Performance fees	\$ 90,905	\$ 23,098	\$ 20,448
<b>Total revenues</b>	<u>90,905</u>	<u>23,098</u>	<u>20,448</u>
<b>Other income (loss)</b>			
Net gains (losses) on Portfolio Funds	734	283	255
<b>Net income</b>	<u>\$ 91,639</u>	<u>\$ 23,381</u>	<u>\$ 20,703</u>

The accompanying notes are an integral part of these financial statements.

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Statements of Changes in Partners' Capital**  
(dollars in thousands)  
For The Years Ended December 31, 2014, 2013 and 2012

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
<b>Balance at December 31, 2011</b>	\$ 48	\$ 4,903	\$ 4,951
Contributions	1	106	107
Net Income	193	20,510	20,703
Distributions	(38)	(3,895)	(3,933)
<b>Balance at December 31, 2012</b>	<u>204</u>	<u>21,624</u>	<u>21,828</u>
Contributions	5	533	538
Net Income	219	23,162	23,381
Distributions	(170)	(18,148)	(18,318)
<b>Balance at December 31, 2013</b>	<u>258</u>	<u>27,171</u>	<u>27,429</u>
Contributions	5	597	602
Net Income	853	90,786	91,639
Distributions	(208)	(22,118)	(22,326)
<b>Balance at December 31, 2014</b>	<u>\$ 908</u>	<u>\$ 96,436</u>	<u>\$ 97,344</u>

The accompanying notes are an integral part of these financial statements.

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Statements of Cash Flows**  
(dollars in thousands)

**For The Years Ended December 31, 2014, 2013 and 2012**

	For the year ended December 31,		
	2014	2013	2012
<b>Cash flows from operating activities</b>			
Net income	\$ 91,639	\$ 23,381	\$ 20,703
Adjustments to reconcile net income to net cash provided by operating activities			
Net (gains) losses on Portfolio Funds	(734)	(283)	(255)
(Increase)/decrease in operating assets and liabilities:			
Realized performance fees receivable	(34,440)	(267)	(14,386)
Accrued unrealized performance fees	(33,957)	(4,499)	(2,129)
<b>Net cash provided by operating activities</b>	<b>22,508</b>	<b>18,332</b>	<b>3,933</b>
<b>Cash flows from investing activities</b>			
Purchase of investments in Portfolio Funds	(602)	(538)	(107)
<b>Net cash used in investing activities</b>	<b>(602)</b>	<b>(538)</b>	<b>(107)</b>
<b>Cash flows from financing activities</b>			
Capital contributions	602	538	107
Capital distributions	(22,326)	(18,318)	(3,933)
<b>Net cash used in financing activities</b>	<b>(21,724)</b>	<b>(17,780)</b>	<b>(3,826)</b>
Net change in cash and cash equivalents	182	14	—
<b>Cash and cash equivalents at beginning of year</b>	<b>14</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 196</b>	<b>\$ 14</b>	<b>\$ —</b>

The accompanying notes are an integral part of these financial statements.



# Starboard Value A LP

(a Delaware limited partnership)

## Notes to Financial Statements

---

### 1. Organization and Nature of Business

Starboard Value A LP (the "Partnership"), a Delaware limited partnership, was formed on February 9, 2011 for the purpose of providing a full range of investment advisory and management services and acting as a general partner, investment advisor, pension advisor or in similar capacity to clients. As of December 31, 2014 and 2013, funds which the Partnership acted as general partner to included Starboard Value and Opportunity Fund LP, Starboard Intermediate Fund, L.P., Starboard Intermediate Fund II, L.P., Starboard Leaders Fund, Starboard Partners Fund and Other funds (collectively the "Funds").

The general partner of the Partnership is Starboard Value A GP LLC, a Delaware limited liability company (the "General Partner"). The limited partners of the Partnership (the "Limited Partners") are Starboard Principal Co A LP, a Delaware limited partnership (the "Principal Co"), and Ramius V&O Holdings LLC, a Delaware limited liability company ("Ramius"), which is a wholly-owned subsidiary of Cowen Group, Inc. ("CGI") (NASDAQ: COWN). Principal Co and Ramius are also the members of the General Partner. Principal Co owns a majority equity interest in the Partnership and Ramius owns a minority equity interest in the Partnership.

Pursuant to the organization documents, the Partnership is entitled to receive the performance fees earned from the Funds (See Note 2 Performance fees) while other affiliated entities within the structure are entitled to other fees and the related expenses incurred by the Funds under the respective offering documents.

### 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The following is a summary of the significant accounting policies followed by the Partnership:

#### Cash and Cash Equivalents

Cash and cash equivalents include cash balances and highly liquid investments with original maturities of three months or less. As of December 31, 2014 and 2013 there were no cash equivalents.

#### Consolidation

In the ordinary course of business, the Company sponsors various entities that it has determined to be variable interest entities ("VIEs"). These VIEs are primarily funds for which the Company serves as the general partner and / or investment manager with decision-making rights. The Company does not consolidate any of these funds that are VIEs as it has concluded that it is not the primary beneficiary in each instance. Fund investors are entitled to all of the economics of these VIEs with the exception of the management fee and incentive income, if any, earned by the Company. The Company's involvement with these funds is limited to providing investment management services in exchange for performance fee income.

#### Investments in Portfolio Funds

Portfolio funds ("Portfolio Funds") include interests in funds and investment companies managed by the Partnership. The Partnership elected the fair value option and follows US GAAP regarding fair value measurements and disclosures relating to investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). The guidance permits, as a practical expedient, an entity holding investments in certain entities that either are investment companies as defined by the ASC 946, *Investment Companies*, or have attributes similar to an investment company, and calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment.

The Partnership categorizes its investments in Portfolio Funds within the fair value hierarchy dependent on its ability to redeem the investment. If the Partnership has the ability to redeem its investment at NAV at the measurement date or within the near term, the Portfolio Fund is categorized as a level 2 investment within the fair value hierarchy. If the Partnership does not know when it will have the ability to redeem its investment or cannot do so in the near term, the Portfolio Fund is categorized as a level 3 investment within the fair value hierarchy. See Note 3 for further details of the Partnership's investments in Portfolio Funds.

#### Fair Value Measurement

The Partnership follows current accounting guidelines which establish a fair value hierarchy that prioritizes the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based on

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Notes to Financial Statements**

---

unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;  |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;   |
| Level 3 | Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation. |

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Partnership. The Partnership considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Partnership's perceived risk of that instrument.

**Revenue Recognition**

*Performance fees*

According to the offering documents of the respective Funds, the Funds shall pay the Partnership a performance fee as compensation for services performed by the Partnership. Performance Fees earned are recognized on an accruals basis based on Fund performance during the period, , subject to the achievement of minimum return levels, or high water marks, as set out in the respective Fund's confidential offering memorandums or other governing documents. Realized performance fees are recognized when the performance fees are payable to the Partnership. Unrealized performance fees are calculated based on an assumed liquidation of the fund's net assets on the reporting date, and distribution of the net proceeds in accordance with the fund's income allocation provisions. Accrued but unpaid performance fees charged directly to investors in the Funds are recorded within realized performance fees receivable and unrealized performance fees respectively, in the Statements of Assets, Liabilities and Partners' Capital. Note that accrued but unrealized performance fees are not yet payable because they are not yet realized and as such may be subject to reversal to the extent that the accrued amount exceeds the actual future performance of the respective funds. The Partnership may, at its discretion, waive or reduce the performance fee with respect to certain limited partners of the Funds.

*Net gains (losses) on Portfolio Funds*

Net gains (losses) on Portfolio Funds represents the unrealized and realized gains and losses on the Partnership's investments. Gains (losses) on Portfolio Funds are realized when the Partnership redeems all or a portion of its investment or when the Partnership receives cash income, such as dividends or distributions, from its investments. Unrealized gains (losses) on Portfolio Funds results from changes in the fair value of the underlying investment.

**Income Taxes**

The Partnership is not subject to U.S. federal income tax and is generally not subject to state or local income taxes. Such taxes are the responsibility of the partners and accordingly no provision for income tax expense or benefit is reflected in the accompanying financial statements. The Partnership's activities do not subject it to tax from other jurisdictions outside the United States and, accordingly, no provision for foreign taxes has been recorded in the accompanying financial statements.

As of December 31, 2014 and 2013, no examinations were being conducted by the Internal Revenue Service or any other taxing authority. The Partnership had tax year 2011 onward open for federal and various states under the respective statute of limitation.

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Notes to Financial Statements**

**Use of Estimates**

The preparation of these financial statements in conformity with US GAAP requires the Partnership to make estimates and assumptions that affect the fair value of investments and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

**3. Investments and Fair Value Measurement**

As of December 31, 2014 and 2013, investments in Portfolio Funds, at fair value, include the following:

Investments	Strategy	Fair Value as of December 31, (dollars in thousands)		Redemption Frequency and Commitments
		2014	2013	
Starboard Value and Opportunity Fund LP	Activist	\$ 464	\$ 358	(a) (b)
Starboard Intermediate Fund, L.P.	Activist	462	356	(a) (b)
Starboard Intermediate Fund II, L.P.	Activist	924	713	(a) (b)
Starboard Leaders Fund	Activist	351	141	(c) (b)
Starboard Partners Fund	Activist	33	—	(a) (b)
Other	Activist	1,304	634	(a) (b)
		<u>\$ 3,538</u>	<u>\$ 2,202</u>	

(a) The Partnership has no unfunded commitments related to these Portfolio Funds.

(b) Investments may only be redeemed upon liquidation of the Fund.

(c) As of December 31, 2014 and 2013, the Company had total commitments of \$255, respectively, to Starboard Leaders Fund, of which the Company has funded \$234 and \$125, respectively. These commitments can be called at any time, subject to advance notice.

The following table presents investments that are measured at fair value on a recurring basis on the accompanying Statement of Assets and Liabilities and Partners' Capital by caption and by level within the valuation hierarchy as of December 31, 2014 and 2013:

	Investments at Fair Value (dollars in thousands)			
	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Investments in portfolio funds, at fair value	\$ —	\$ —	\$ 3,538	\$ 3,538

  

	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
	Investments in portfolio funds, at fair value	\$ —	\$ —	\$ 2,202

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Notes to Financial Statements**

The following table includes a rollforward of the amounts for the years ended December 31, 2014 and 2013, for financial instruments classified within level 3. The classification of a financial instrument within level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

**Year Ended December 31, 2014**  
(dollars in thousands)

	<b>Balance at December 31,2013</b>	<b>Transfers in</b>	<b>Transfers out</b>	<b>Purchases</b>	<b>(Sales)</b>	<b>Realized and Unrealized gains/(losses)</b>	<b>Balance at December 31, 2014</b>	<b>Change in unrealized gains/(losses) relating to instruments still held (1)</b>
Portfolio Funds	\$ 2,202	—	—	\$ 602	—	\$ 734	\$ 3,538	\$ 734

**Year Ended December 31, 2013**  
(dollars in thousands)

	<b>Balance at December 31,2012</b>	<b>Transfers in</b>	<b>Transfers out</b>	<b>Purchases</b>	<b>(Sales)</b>	<b>Realized and Unrealized gains/(losses)</b>	<b>Balance at December 31, 2013</b>	<b>Change in unrealized gains/(losses) relating to instruments still held (1)</b>
Portfolio Funds	\$ 1,381	—	—	\$ 538	—	\$ 283	\$ 2,202	\$ 283

(1) Unrealized gains/losses are reported in other income (loss) in the accompanying statements of income.

Qualitative disclosures of unobservable inputs and assumptions are not required for investments for which NAV per share is used as a practical expedient to determine fair value, as their redemption features rather than observability of inputs cause them to be classified as a level 3 type asset within the fair value hierarchy.

All realized and unrealized gains (losses) are reflected in net gains (losses) on Portfolio Funds in the accompanying Statements of Income. Transfers between Level 1 and 2 generally relate to whether the principal market for the security becomes active or inactive. Transfers between level 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements or due to change in liquidity restrictions for the investments. During the years ended December 31, 2014 and 2013, there were no transfers between the levels.

Because of the inherent uncertainty of the valuation for the Partnership's investments, the estimated fair value assigned may differ from the values that would have been used had a ready market existed for these investments, and the differences may be material.

**4. Partners' Capital**

Pursuant to the terms of the Limited Partnership Agreement (the "Agreement"), the Partnership initially issued a total number of 1,000 profit units. One percent of these profit units were issued to the General Partner and ninety-nine percent of the profit units were issues to the Class A limited partners, Principal Co and Ramius. No profit units were issued to the Class B limited partners.

According to the agreement, the ownership interest of Partnership may be adjusted from time to time based on the contractual terms and the respective fair values.

Net income (losses) are allocated in proportion to the Class A limited partners ownership interest in the Partnership. However, performance fees are available for distribution firstly to Class B limited partners based on allocations as defined by the Agreement, and thereafter, all remaining amounts are available for distribution to the Class A limited partners in proportion to their respective ownership interest in the Partnership.

**Starboard Value A LP**  
(a Delaware limited partnership)  
**Notes to Financial Statements**

---

In the event that the Partnership is liquidated or if all or substantially all its assets are sold, distributions shall be made pro rata.

The General Partner and Limited Partners make periodic contributions for the purpose of funding the Partnership's investments in Portfolio Funds.

**5. Commitments and Contingencies**

In the normal course of business the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership expects the risk of loss to be remote.

**6. Risks**

The Partnership is subject to a variety of risks in the conduct of its operations. The Partnership is economically dependent on the performance of the Funds and its related parties as the source of its performance fee and revenues and, accordingly, may be materially affected by the actions of and the various risks associated with such Funds and related parties. For instance, market risk, currency risk, credit risk, operational risk and liquidity risk.

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. The regulatory environment for investment funds is evolving, and changes in the regulation of investment funds may adversely affect the Partnership's operations.

**7. Subsequent Events**

The Partnership has determined that no material events or transactions occurred subsequent to December 31, 2014 and through March 30, 2015, the date the accompanying financial statements were available to be issued which require additional adjustments or disclosures in the accompanying financial statements, except as discussed below.

For the period January 1 through March 30, 2015, the Partnership made distributions of \$53.2 million to its partners.