

# INVESTOR PRESENTATION

MARCH 2020



# Cautionary notice regarding forward-looking statements

This presentation contains forward-looking statements. Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. The Company's actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as filed with the Securities and Exchange Commission. The Annual Report on Form 10-K and Quarterly Reports on Form 10-Q are available at our website at [www.cowen.com](http://www.cowen.com) and at the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).



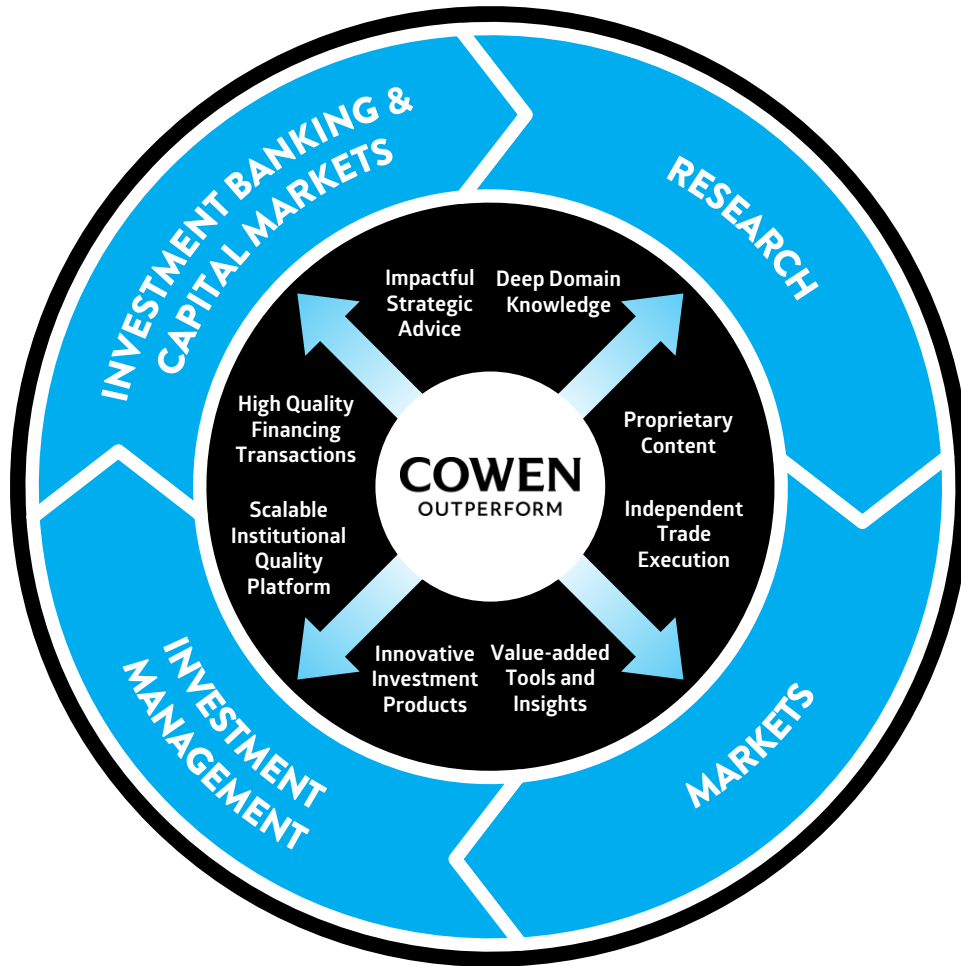
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# **1. INTRODUCTION**

# Cowen: advising and connecting providers and users of capital to help them consistently Outperform™



**\$1B+**

IN TOTAL CAPITALIZATION

**188**

BANKING TRANSACTIONS IN 2019

**~800**

SECURITIES UNDER COVERAGE (AS OF 2/1/20)

**31B**

SHARES TRADED BY THE EQUITIES DESK FY'19

**5**

DIFFERENTIATED INVESTMENT MANAGEMENT STRATEGIES

**10,000+**

CONFERENCE 1X1 MEETINGS IN 2019

# Why invest in Cowen?



## SCALED, MARKET-LEADING EQUITIES PLATFORM

Leading independent, unconflicted execution platform and global, multi-asset capabilities. Taking share from underinvested competitors



## INVESTMENT BANKING EXCELLENCE

Provides opportunities for growth and margin expansion through organic growth and acquisition. Revenue diversification (Advisory, non-Healthcare)



## REPOSITIONING INVESTMENT MANAGEMENT

Focus on Cowen-owned scalable, differentiated, actively managed investment products where Cowen has domain expertise



## WORLD CLASS, DATA DRIVEN INDEPENDENT RESEARCH

Key differentiator in unbundled world, strong foundation for buy-side and corporate client relationships. Focus on coverage of growth sectors



## IMPROVING FINANCIAL RESULTS

Management and strategy focused on driving higher, consistent return on common equity (ROCE)



## ATTRACTIVE VALUATION

COWN trades at a significant discount to peers. Strategy aims to eliminate this valuation gap and unlock more shareholder value

# Improving Cowen's performance

Execution of these objectives aimed at driving higher return on common equity over the long term

## OBJECTIVES

- Scale businesses that will drive margin
- Focus on opportunities with strong domain expertise (“Cowen DNA”)

- Improve revenue diversification
- Maintain and grow contribution from recurring revenue businesses

- Harmonize balance sheet activities with our operating businesses
- Implement philosophy that “balance sheets are meant to be seen, not heard”

- Simplify balance sheet by exiting non-core investments and non-core strategies
- Provide insight into earnings drivers and valuation via Operating Co. / Asset Co. segment reporting

## OUTCOME FOR SHAREHOLDER RETURNS

**INCREASED EARNINGS POWER**

**GREATER OPERATING CONSISTENCY**

**LOWER VOLATILITY**

**IMPROVED TRANSPARENCY**

# Our strategy to achieve these objectives

“Simpler, Fewer, Deeper” is a framework philosophy underlying our long-term objectives

1

## SIMPLER

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**Simplify** the business in a manner that enables us to select areas to press for growth

- ▶ **Example:**  
Adjusting capital allocation process such that our balance sheet activities are in harmony with our operating businesses

2

## FEWER

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**Eliminate or resize** businesses as we focus our efforts on businesses that will drive margin

- ▶ **Example:**  
Eliminated five capabilities from investment management platform in 2017-19 that were not salable and scalable

3

## DEEPER

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**Go deep** in our areas of strength to enhance margin opportunity around core industry strengths

- ▶ **Example:**  
Launched private healthcare strategy, which leverages Cowen’s strength in healthcare research and banking, and sustainability strategy, built on team domain knowledge



# Cowen: the advantage is in our culture



**WE INVEST IN OUR CLIENTS' SUCCESS**

## VISION

- Focus on outperformance in innovative ways
- Core expertise areas provide actionable insights

## EMPATHY

- Deep understanding of clients' needs
- Match the solution with the circumstance

## SUSTAINABILITY

- Over 100 years of capital markets expertise
- Solutions that pass the test of time

## TENACIOUS TEAMWORK

- Leverage intellectual capital and resources across the platform
- Aggressively pursue world-class outcomes



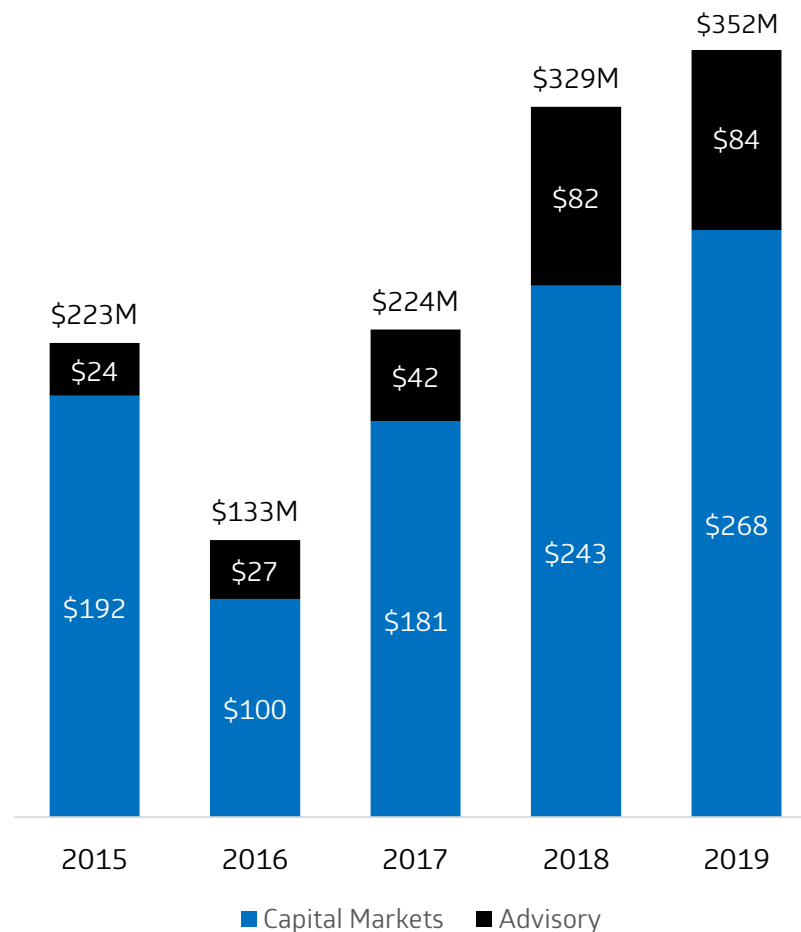
## **2. BUSINESS HIGHLIGHTS**

# Investment banking: leader in financings, growing advisory

Multi-year effort to diversify our mix towards higher margin activities while we press on our capital markets strengths

- **Market leader in financing and advising biopharmaceutical companies**
  - Management expects these areas to continue to grow for the foreseeable future
  - Top 3 bookrunner for life sciences transactions since 2016\*
  
- **Expanding footprint in merger advisory**
  - 2019 was a record year for advisory revenue
  - Growing organically and through acquisition
  
- **Closed acquisition of Quarton International in January 2019**
  - Provides advisory business with significant scale, revenue diversification, and cross-border expertise
  - Mandated pipeline continues to look strong
  
- **Key industry verticals experiencing growth**
  - Consumer / Cannabis
  - Healthcare
  - Industrials
  - Information Technology & Services
  - Technology

## GROWING CAPITAL MARKETS AND ADVISORY REVENUE

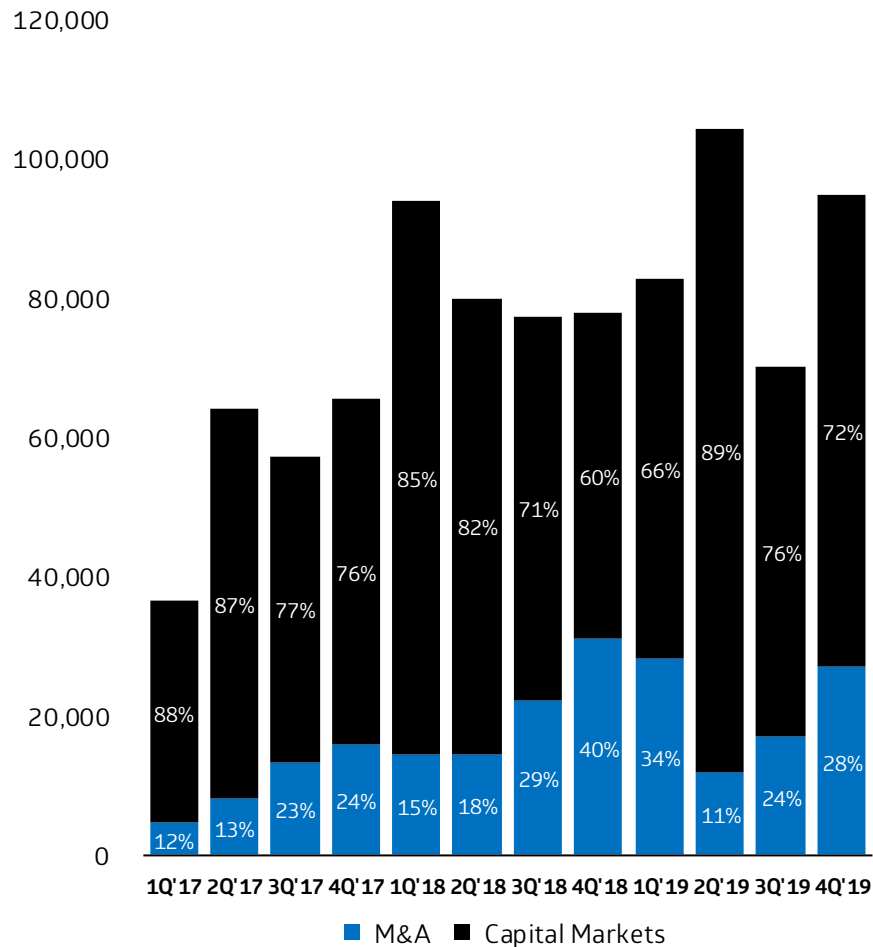


\*Source: ECM Analytics as of December 31, 2019. Excludes issuers with proceeds less than \$20mm and greater than \$1bn

# Investment banking: Continued progress on revenue diversification

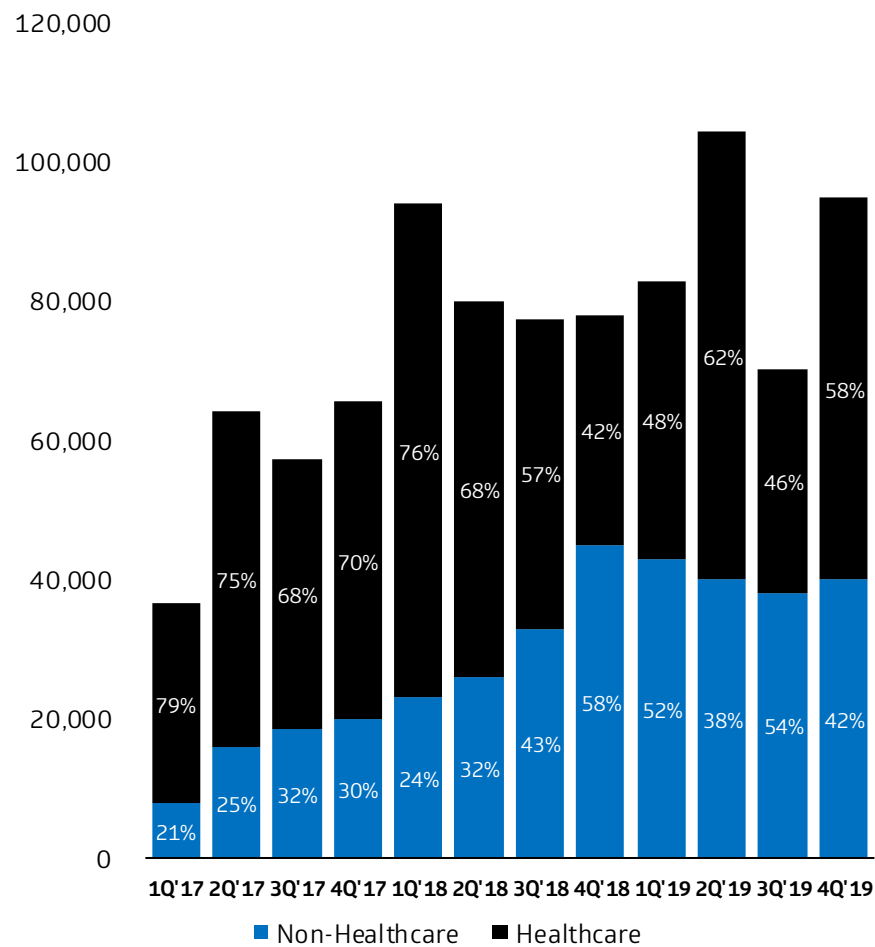
## REVENUE BY PRODUCT

(US\$ in thousands)



## REVENUE BY INDUSTRY

(US\$ in thousands)



Note: Inclusive of Quarton metrics beginning 1/1/19. 2019 Cowen metrics include \$7.8M of TriArtisan advisory revenue.

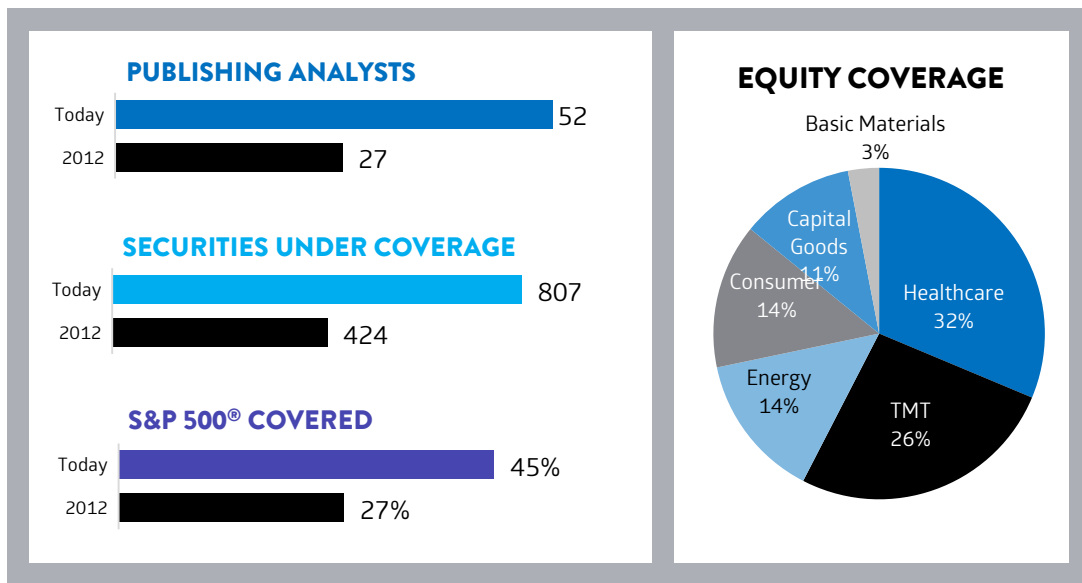
# Research: deep commitment to being premier

Ranked #3 U.S. Research provider in 2019 StarMine Analyst Awards

- Research drives key investment themes across the platform
- One of the largest research franchises on the Street that has consistently invested in its platform
  - This is in contrast to a 10% decline in investment dollars for sell-side equity research on the Street overall<sup>(1)</sup>
- Taking share in wake of post-MiFID II unbundling
- World-class conferences and corporate access create important network effect

## RESEARCH PLATFORM: RICH AND DEEP

- About two-thirds of our equity research is on stocks with a market capitalization < \$10 billion
- Analysts average 15 years of research experience, including 8 years at Cowen
- One of the strongest Washington research benches on the Street<sup>(2)</sup>



(1) Change in average cost, 2009-2013. Source: McLagan Financial Benchmark. A study from Coalition similarly found that the number of analysts at the 12 largest banks declined 10% from 2012 to 2016.

(2) Per Institutional Investor 2018 poll. Cowen Washington Research Group produces commentaries on political, economic or market conditions and is not intended as a research report as defined by applicable regulation.

# Markets: diversified, scaled and differentiated

Leading independent, non-conflicted trade execution platform

- **Leading independent, unconflicted trade execution and scaled research sales**

- Offers clients meaningful advantages vs. larger and smaller competitors
- Positive impact on client portfolio decisions

- **Platform emphasizes:**

- Cutting-edge research
- Exceptional algorithmic execution capability
- Award-winning prime services product

- **Growing market share**

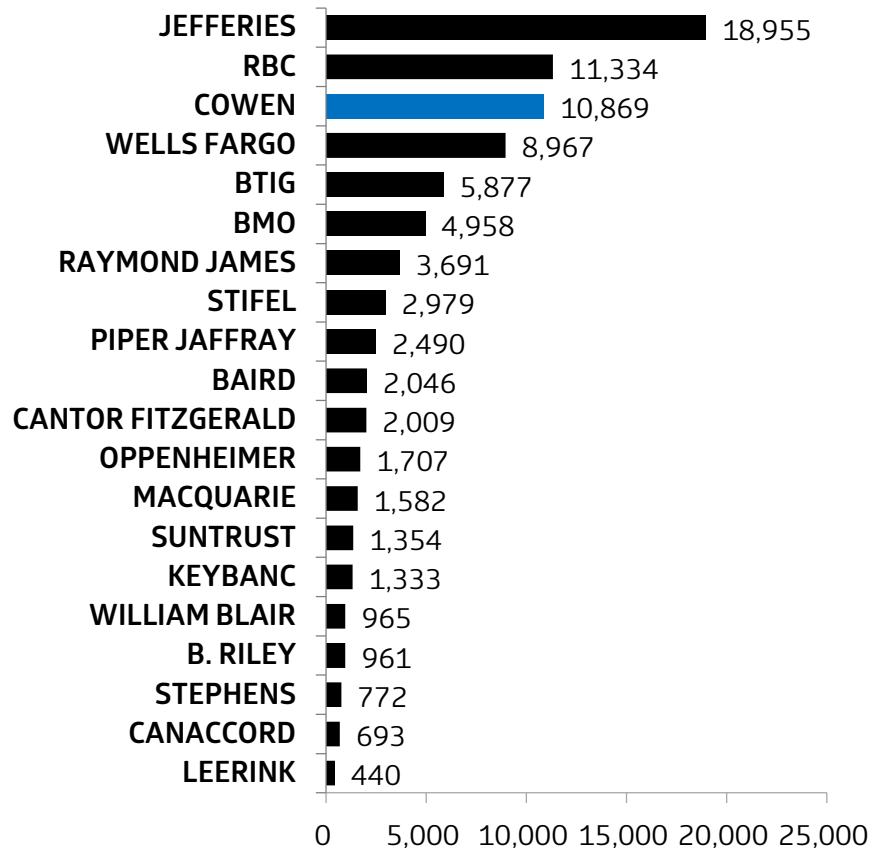
- General consolidation of commissions to top brokers such as Cowen who provide value in research and trading

- **Well positioned for ongoing post-MiFID II reallocation of commission dollars**

- Clients have showed willingness to pay for impactful research and high-quality liquidity

## COWEN IS A LEADING INDEPENDENT EQUITIES BROKERAGE

Million shares LTM <sup>(1)</sup>



(1) Advertised Bloomberg volume 31 Jan 2019-31 Jan 2020.

# Markets: expanded platform furthers our impact with clients

- Since 2012, we have completed seven acquisitions which significantly expanded client offerings and grew market share
- Global expansion – providing execution services in more than 100 markets worldwide and a range of multi-asset capabilities

	2012	2020
<b>INSTITUTIONAL BROKERAGE</b>	<ul style="list-style-type: none"> <li>• Cash equities</li> <li>• Electronic trading</li> <li>• Options</li> </ul>	<ul style="list-style-type: none"> <li>• Cash equities</li> <li>• High yield &amp; distressed bonds</li> <li>• Electronic trading</li> <li>• Convertible bonds</li> <li>• Program trading</li> <li>• Outsourced trading</li> </ul>
<b>INSTITUTIONAL SERVICES</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate securities</li> <li>• Options</li> <li>• Swaps</li> <li>• Leveraged loans</li> <li>• Special situations</li> <li>• Emerging markets</li> <li>• Plan sponsor</li> <li>• Commission management</li> </ul>








Note: Markets revenue includes brokerage, securities finance and other markets-related revenue

# Investment management: business gaining momentum

Resizing and reshaping the division to offer high-margin, differentiated product

- Refocusing business on Cowen-owned operating businesses where Cowen has domain expertise (“Cowen DNA”)
- Focus on Cowen controlled and branded investment vehicles with long term stable fee revenues in active strategies
- Launched new Cowen sustainable investments strategy, raised new assets in healthcare investments and healthcare royalty strategies
- Multiple revenue streams: management fees, incentive income and investment income

CAPABILITY	PRIVATE HEALTHCARE INVESTMENTS	HEALTHCARE ROYALTIES	ACTIVISM	MERGER	SUSTAINABILITY
TEAM	 AUM: \$680 Million*	 AUM: \$3.3 Billion*	 AUM: \$5.9 Billion*	 AUM: \$590 Million*	 AUM: \$210 Million*
PRIVATE EQUITY	✓	✓			✓
HEDGE FUND			✓	✓	
MANAGED ACCOUNT		✓	✓	✓	
UCITS				✓	

AUM figures provided for each individual strategy group are approximate as of December 31, 2019 and are unaudited and net of applicable fees and expenses. The aggregate AUM of each individual strategy does not equal the AUM of Cowen Investment Management due to cross-investments among strategies and the exclusion of certain legacy funds. The AUM for Cowen Healthcare Investments and Cowen Sustainable Investments include unfunded capital commitments, where applicable. This information does not constitute an offer or solicitation or recommendation to invest in a particular investment product. Please also note that Starboard Value LP is not considered a "related person" of Cowen per the definition provided by the SEC in Form ADV. See slide 29 for additional important disclosures pertaining to Cowen's Investment Management business.





### **3. FINANCIALS**

# Key statistics

**\$12.18**

**NASDAQ GS: COWN**

*as of March 10, 2020*

**\$24.77**

**Book Value Per Share**

*as of December 31, 2019*

**\$344M**

**Market Cap**

*as of March 10, 2020*

**\$249.8M**

**Revenue (4Q'19)**

*as of December 31, 2019*

**\$17.8M**

**Economic Operating  
Income (4Q'19)\***

*as of December 31, 2019*

**\$0.58 per share**

**Economic Operating  
Income (4Q'19)**

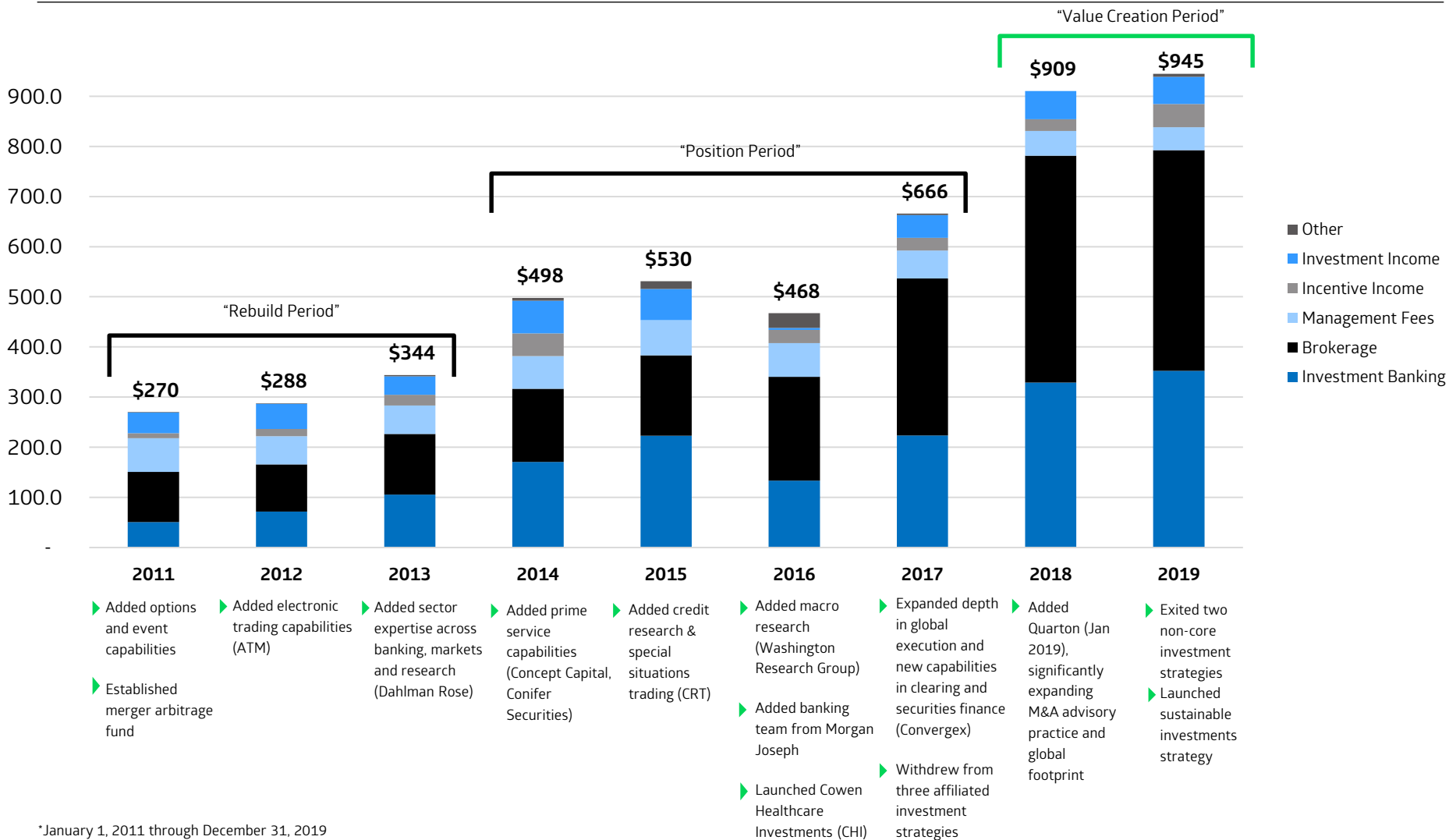
*as of December 31, 2019*

\*Economic Operating Income to Common Stockholders is Economic Income to Cowen Inc. minus preferred dividends plus depreciation and amortization

# Revenue growth across business lines

Multi-year strategy to rebuild and position the platform for long-term value creation

**ECONOMIC INCOME REVENUE : +17% CAGR SINCE 2011\***



\*January 1, 2011 through December 31, 2019

# 4Q 2019: Record Revenues and Continued Profitability

- Business highlights:
  - Investment Banking: 4Q revs +22% y/y, 2<sup>nd</sup> highest ever, on strong ECM activity. Non-HC revs ~42% of IB total
  - Markets: Outperforming tough environment, 4Q revs -8% vs -20% drop in US equity volumes. Europe ops poised for growth
  - Investment Management: 4Q management fees highest in 2+ yrs driven by new assets in sustainability, healthcare strategies
  - Implemented quarterly cash dividend of \$0.04 per share to complement active share repurchase program

## FINANCIAL SUMMARY\*

	Three Months Ended			Twelve Months		
	December 31			December 31		
	2019	2018	%	2019	2018	%
<i>(Dollar amounts in millions, except per share information)</i>						
<b>GAAP:</b>						
Revenue	\$ 281.1	\$ 259.9	8 %	\$1,049.4	\$ 966.9	9 %
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 3.5</b>	<b>\$ 3.4</b>	<b>4 %</b>	<b>\$ 17.8</b>	<b>\$ 36.0</b>	<b>(50)%</b>
Earnings (loss) per common share	\$ 0.11	\$ 0.11	5 %	\$ 0.57	\$ 1.17	(51)%
<b>ECONOMIC INCOME (NON-GAAP):</b>						
Economic income revenue	\$ 249.8	\$ 207.4	20 %	\$ 944.8	\$ 909.5	4 %
Economic income (loss)	\$ 12.3	\$ 6.0	107 %	\$ 48.6	\$ 69.3	(30)%
<b>Economic operating income</b>	<b>\$ 17.8</b>	<b>\$ 8.7</b>	<b>105 %</b>	<b>\$ 69.1</b>	<b>\$ 80.9</b>	<b>(15)%</b>
Economic income (loss) per common share	\$ 0.40	\$ 0.19	108 %	\$ 1.55	\$ 2.26	(31)%
<b>Economic operating income (loss) per common share</b>	<b>\$ 0.58</b>	<b>\$ 0.28</b>	<b>106 %</b>	<b>\$ 2.21</b>	<b>\$ 2.63</b>	<b>(16)%</b>

\* In reporting periods prior to 2Q19 Economic Income was labeled as "Economic Income Attributable to Common Shareholders"

## Valuation and Trading

Company	Revenue Mix			Retail Y / N	Price 03/10/20	Diluted Mkt Cap	Enterprise Value	EV / Revenue		EBITDA Margin %		P / E		Price /	
	% Advisory	% Cap Mkts	% Brokerage					LTM	CY2019E	LTM	LTM	CY2019E	BV	TBV	
Jefferies Financial Group Inc. <sup>(1)</sup>	22%	31%	42%	N	\$18.25	\$5,107.7	\$7,952.2	1.6x	2.2x	8.9%	6.0x	13.8x	0.6x	0.7x	
JMP Group LLC	19	44	17	N	2.99	58.3	(84.1)	NM	NM	(12.9)	NM	NM	0.9	0.9	
Oppenheimer Holdings Inc.	5	7	33	Y	21.21	280.9	397.0	0.4	NA	8.9	5.6	NA	0.5	0.6	
Piper Sandler Companies	46	27	22	N	56.91	946.1	1,030.1	1.3	1.3	16.0	7.3	7.7	1.0	1.2	
Raymond James Financial, Inc.	4	3	23	Y	72.05	10,035.4	8,719.4	1.3	1.1	17.9	9.8	9.6	1.5	1.6	
Stifel Financial Corp.	10	11	33	Y	45.16	3,140.0	3,927.3	1.3	1.2	18.1	8.2	7.4	0.9	1.6	
<b>Mean</b>								<b>1.2x</b>	<b>1.5x</b>	<b>9.5</b>	<b>7.4x</b>	<b>9.6x</b>	<b>0.9x</b>	<b>1.1x</b>	
<b>Median</b>								<b>1.3</b>	<b>1.3</b>	<b>12.5</b>	<b>7.3</b>	<b>8.7</b>	<b>0.9</b>	<b>1.1</b>	
<b>Cowen Inc.</b>	<b>12%</b>	<b>23%</b>	<b>49%</b>	<b>N</b>	<b>\$12.18</b>	<b>\$349.0</b>	<b>\$900.7</b>	<b>1.5x</b>	<b>1.0x</b>	<b>12.1</b>	<b>21.4x</b>	<b>7.9x</b>	<b>0.5x</b>	<b>0.7x</b>	

Source: Capital IQ as of March 10, 2020.

(1) Revenue mix only includes Jefferies reporting segment. All other metrics reflect consolidated company

# Operating Company and Asset Company: Invested capital detail

Op-Co investments are concentrated in liquid trading strategies, Asset-Co investments are less liquid

<i>(US\$ millions)</i>	AS OF 12/31/19	% Total	AS OF 12/31/18	Δ
<b>Op-Co</b>				
Event Driven	54.0	8%	55.0	-0.9
Activist	17.9	2%	17.9	-0.1
Long - Short	0.0		10.0	-10.0
Portfolio Hedge	7.2	1%	7.5	-0.3
Cowen Healthcare Investments - Public	27.6	4%	24.5	3.1
Cowen Healthcare Investments - Private	34.7	5%	26.4	8.3
Cowen BD Merchant Banking	35.7	5%	26.0	9.7
Healthcare Royalty Partners	3.1	0%	5.0	-1.9
Securities Finance	25.0	3%	25.0	0.0
SPAC Trading	34.4	5%	30.0	4.4
Cowen Syndicate	1.2	0%	0.5	0.7
Operating Cash	85.8	12%	112.5	-26.7
<b>Subtotal</b>	<b>326.4</b>	<b>45%</b>	<b>340.3</b>	<b>-13.9</b>
<b>Regulatory Capital</b>				
Broker Dealer Capital	254.1	35%	300.0	-45.9
<b>Subtotal</b>	<b>254.1</b>	<b>35%</b>	<b>300.0</b>	<b>-45.9</b>
<b>Op-Co Total</b>	<b>580.5</b>	<b>81%</b>	<b>640.3</b>	<b>-59.8</b>
<b>Asset-Co</b>				
Private Investments	121.7	17%	119.3	2.4
Real Estate	10.5	1%	21.4	-11.0
Trade Claims	4.7	1%	5.6	-0.9
<b>Asset-Co Total</b>	<b>136.9</b>	<b>19%</b>	<b>146.4</b>	<b>(9.5)</b>
<b>TOTAL INVESTED CAPITAL</b>	<b>717.5</b>	<b>100%</b>	<b>786.7</b>	<b>(69.3)</b>
Minus Non-Core Investments	(136.9)	19%	(146.4)	9.5
<b>INVESTED + REGULATORY CAPITAL (NET OF NON-CORE)</b>	<b>580.5</b>	<b>81%</b>	<b>640.3</b>	<b>(59.8)</b>

<b>Non-Core Investments:</b>	
<b>Privates</b>	
<b>Non-core Investments:</b>	
Linkem	72.5
Formation8/Eclipse	39.7
Other Privates	14.3
<b>Real Estate</b>	
Surfside	7.8
Other	2.7
<b>Total</b>	<b>136.9</b>

Note: Amounts of invested capital and percentage allocations of equity are subject to change. Non-Core Investments: Linkem - Italian wireless broadband telecommunications company; Formation 8 - venture capital firm focused on smart enterprise and energy technology companies; Surfside - A residential real estate development project in Surfside, FL

# Well-capitalized balance sheet

**AS OF  
DECEMBER 31, 2019**

Total Assets	\$4.7 billion
Total Stockholders' Equity	\$810 million
Total Debt*	\$585 million
Total Capitalization	\$1.3 billion
Equity / Total Assets	17%
Total Debt / Capital	45%

\*Includes \$135 million of 3% convertible senior notes due 2022, \$138 million of 7.35% senior notes due 2024, \$78 million of 7.25% senior notes due 2024 and a \$32.2 million term loan.

# Balance sheet (December 31, 2019) (unaudited)

<i>(Amounts in millions)</i>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Δ</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 301	\$ 259	\$ 42
Cash collateral pledged	7	6	0
Segregated cash	107	177	(69)
Securities owned, at fair value	1,623	521	1,102
Receivable on derivative contracts, at fair value	63	25	38
Securities purchased under agreement to resell	-	-	-
Stock borrow	754	408	347
Other investments	329	296	33
Clearing deposits	92	89	2
Receivable from brokers	688	786	(98)
Receivable from customers	92	38	54
Fees receivable	127	112	15
Due from related parties	27	34	(7)
Fixed assets	33	26	7
Right of use asset	93	-	93
Goodwill	138	61	77
Intangible assets	36	25	11
Deferred tax asset	79	93	(14)
Other assets	84	79	5
<b>Total Assets</b>	<b>\$ 4,672</b>	<b>\$ 3,035</b>	<b>\$ 1,637</b>
<b>Liabilities and Redeemable Group Equity</b>			
Securities sold, not yet purchased, at fair value	452	195	257
Securities sold under agreement to repurchase	23	-	23
Payable for derivative contracts, at fair value	61	16	45
Stock loan	1,602	415	1,187
Payable to brokers	277	229	48
Payable to customers	416	525	(109)
Compensation payable	223	227	(4)
Lease liability	98	-	98
Note payable and short-term borrowings	345	263	82
Convertible debt	119	134	(16)
Soft dollar payable	72	95	(24)
Fees payable	22	23	(1)
Due to related parties	0	1	(1)
Accounts payable, accrued expenses and other liabilities	141	110	31
<b>Total Liabilities</b>	<b>\$ 3,850</b>	<b>\$ 2,233</b>	<b>\$ 1,617</b>
<b>Redeemable non-controlling interests</b>	<b>12</b>	<b>7</b>	<b>4</b>
<b>Stockholders' equity</b>	<b>\$ 810</b>	<b>\$ 795</b>	<b>\$ 15</b>
<b>Common equity</b>	<b>\$ 709</b>	<b>\$ 693</b>	<b>\$ 15</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 4,672</b>	<b>\$ 3,035</b>	<b>\$ 1,637</b>

Note: Balance sheet has been adjusted to eliminate consolidated funds. Balance sheet has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP).



## Reconciliation to GAAP balance sheet (as of December 31, 2019) (unaudited)

<i>in \$ 000's</i>	Adj. to Elim. Consol			<i>in \$ 000's</i>	Adj. to Elim. Consol		
	GAAP	Adj	Funds		GAAP	Adj	Funds
<b>Assets</b>				<b>Liabilities and Redeemable Group Equity</b>			
Cash and cash equivalents	301,123	-	301,123	Securities sold, not yet purchased, at fair value	451,836	-	451,836
Cash collateral pledged	6,563	-	6,563	Securities sold under agreement to repurchase	23,244	-	23,244
Segregated Cash	107,328	-	107,328	Payable for derivative contracts, at fair value	60,761	-	60,761
Securities owned, at fair value	1,623,152	-	1,623,152	Stock Loan	1,601,866	-	1,601,866
Securities purchased under agreement to resell	-	-	-	Payable to brokers	277,169	-	277,169
Receivable on derivative contracts, at fair value	62,641	-	62,641	Payable to customers	416,428	-	416,428
Stock Borrow	754,441	-	754,441	Compensation payable	223,139	-	223,139
Other investments	196,458	132,234	328,692	Lease Liability	97,581	-	97,581
Clearing Deposits	91,755	-	91,755	Other debt (Bbonds, plane, cap leases, Natixis)	345,451	-	345,451
Receivable from brokers	687,846	-	687,846	Convertible debt (march 2015)	118,688	-	118,688
Receivable from customers	91,851	-	91,851	Soft Dollar payable	71,620	-	71,620
Fees receivable	126,358	419	126,777	Fees payable	21,540	-	21,540
Due from related parties	26,749	568	27,317	Due to related parties	1	-	1
Fixed assets, net of accumulated dep and amort	32,979	-	32,979	Accounts payable, accrued expenses and other li	141,130	(0)	141,130
Right of use asset	92,852	-	92,852	-	-	-	-
Goodwill	137,728	-	137,728	<b>Consolidated Cowen Funds</b>	-	-	-
Intangible assets, net of accumulated amortizati	35,882	-	35,882	Securities sold, not yet purchased, at fair value	-	-	-
DTA	79,166	-	79,166	Payable to brokers	6,723	(6,723)	(0)
Other assets	83,732	(3)	83,729	Due to related parties	581	(581)	0
<b>Consolidated Cowen Funds</b>	-	-	-	Contributions received in advance	50	(50)	-
Cash and cash equivalents	30,874	(30,874)	(0)	Capital withdrawals	1,276	(1,276)	(0)
Securities owned, at fair value	375,278	(375,278)	(0)	Payable for derivative contracts, at fair value	4,769	(4,769)	0
Receivable on derivative contracts, at fair value	5,833	(5,833)	0	Accounts payable, accrued expenses and other li	510	(510)	(0)
Other investments, at fair value	175,769	(175,769)	(0)	<b>Total Liabilities</b>	<b>3,864,363</b>	<b>(13,910)</b>	<b>3,850,453</b>
Receivable from brokers	31,823	(31,823)	0	<b>Redeemable Non-controlling interests in consolidate</b>	391,275	(391,275)	0
Other assets	1,632	(1,632)	(0)	<b>Stockholders' equity</b>	809,856	-	809,856
<b>Total Assets</b>	<b>5,159,813</b>	<b>(487,992)</b>	<b>4,671,821</b>	<b>Non-Redeemable Non-controlling interests in consoli</b>	94,320	(82,807)	11,513
				<b>Total Liabilities and Redeemable Group Equity</b>	<b>5,159,814</b>	<b>(487,992)</b>	<b>4,671,822</b>

Note: Balance sheet has been adjusted to eliminate consolidated funds. Balance sheet has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

# Reconciliation of US GAAP and economic income (unaudited)

	Three Months Ended December 31, 2019			
	US GAAP Net Income	Adjustments		Economic Income
		Other Adjustments (1)	Funds Consolidation (2)	
Revenue				
Investment banking	\$ 102,922	\$ (7,965) (a)	\$ -	\$ 94,957
Brokerage	99,907	8,817 (b)	-	108,724
Management fees	11,128	2,111 (c)	630	13,869
Incentive income	823	9,974 (c)	43	10,840
Investment income	-	20,933 (d)	-	20,933
Interest and dividends	45,067	(45,067) (b)(d)	-	-
Reimbursement from affiliates	246	(274) (e)	28	-
Reinsurance premiums	17,267	(17,267) (f)	-	-
Other revenues	2,205	(1,714) (f)	-	491
Consolidated Funds	1,570	-	(1,570)	-
<b>Total revenue</b>	<b>281,135</b>	<b>(30,452)</b>	<b>(869)</b>	<b>249,814</b>
Interest expense (Economic Income/(Loss)/				
Interest and dividend expense (US GAAP)	43,539	(35,932) (b)(d)	-	7,607
<b>Total net revenues</b>	<b>237,596</b>	<b>5,480</b>	<b>(869)</b>	<b>242,207</b>
<b>Expenses</b>				
Non interest expense	256,146	(29,823) (a)(e)(h)(i)	-	226,323
Goodwill impairment	-	-	-	-
Consolidated Funds expenses	2,734	-	(2,734)	-
<b>Total expenses</b>	<b>258,880</b>	<b>(29,823)</b>	<b>(2,734)</b>	<b>226,323</b>
<b>Total other income (loss)</b>	<b>55,796</b>	<b>(28,202)</b> (c)(d)(i)	<b>(27,594)</b>	<b>-</b>
Income taxes expense / (benefit)	5,238	(5,238) (h)	-	-
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	24,051	3,530	(25,729)	1,852
Income (loss) attributable to Cowen Inc.	<b>5,223</b>	<b>8,809</b>	<b>-</b>	<b>14,032</b>
Less: Preferred stock dividends	1,698	-	-	1,698
<b>Economic Income (Loss)/ Income (loss) attributable to Cowen Inc. common stockholders</b>	<b>\$ 3,525</b>	<b>\$ 8,809</b>	<b>\$ -</b>	<b>12,334</b>
Add: Depreciation and Amortization				5,453
<b>Economic operating income (loss)</b>				<b>\$ 17,787</b>

Note: Refer to End Notes

# Reconciliation of US GAAP and economic income (unaudited)

	Twelve Months Ended December 30, 2019			
	US GAAP Net Income	Adjustments		Economic Income
		Other Adjustments (1)	Funds Consolidation (2)	
Revenue				
Investment banking	\$ 375,025	\$ (22,833) (a)	\$ -	\$ 352,192
Brokerage	402,747	37,666 (b)	-	440,413
Management fees	32,608	10,796 (c)	2,270	45,674
Incentive income	1,547	44,046 (c)	600	46,193
Investment income	-	54,455 (d)	-	54,455
Interest and dividends	174,913	(174,913) (b)(d)	-	-
Reimbursement from affiliates	1,026	(1,148) (e)	(122)	-
Reinsurance premiums	46,335	(46,335) (f)	-	-
Other revenues	5,433	396 (f)	14	5,843
Consolidated Funds	9,809	-	(9,809)	-
Total revenue	<b>1,049,443</b>	<b>(97,870)</b>	<b>(6,803)</b>	<b>944,770</b>
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	168,628	(140,603) (b)(d)	-	28,025
Total net revenues	<b>880,815</b>	<b>42,733</b>	<b>(6,803)</b>	<b>916,745</b>
Expenses				
Non interest expense	935,801	(79,286) (a)(e)(h)(i)	-	856,515
Goodwill impairment	4,100	(4,100)	-	-
Consolidated Funds expenses	8,963	-	(8,963)	-
Total expenses	<b>948,864</b>	<b>(83,386)</b>	<b>(8,963)</b>	<b>856,515</b>
Total other income (loss)	<b>138,772</b>	<b>(102,109)</b> (c)(d)(i)	<b>(36,663)</b>	-
Income taxes expense / (benefit)	14,853	(14,853) (h)	-	-
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	31,239	8,060	(34,503)	4,796
Income (loss) attributable to Cowen Inc.	<b>24,631</b>	<b>30,803</b>	-	<b>55,434</b>
Less: Preferred stock dividends	6,792	-	-	6,792
<b>Economic Income (Loss)/ Income (loss) attributable to Cowen Inc. common stockholders</b>	<b>\$ 17,839</b>	<b>\$ 30,803</b>	<b>\$ -</b>	<b>48,642</b>
Add: Depreciation and Amortization				20,439
<b>Economic operating income (loss)</b>				<b>\$ 69,081</b>

Note: Refer to End Notes

# Reconciliation of US GAAP and economic income (unaudited) – End Notes

The following is a summary of the adjustments made to US GAAP net income (loss) to arrive at Economic Income:

- (1) Other adjustments include reclassifications between other income (loss), redeemable non-controlling interests and interest and non-interest expenses based on the nature of the respective line item
- (2) Fund consolidation reflects the impact of consolidation. The related elimination entries of the Consolidated Funds are not included in Economic Income. Adjustments include elimination of incentive income and management fees earned from the Consolidated Funds.

Other Adjustments:

- (a) Economic Income (Loss) presents underwriting expenses net of investment banking revenues, expenses reimbursed from clients within their respective expense category. Economic Income (Loss) also records retainer fees, relating to investment banking activities, collectible during the period that would otherwise be deferred until closing for US GAAP reporting.
- (b) Economic Income (Loss) brokerage revenues included net securities borrowed and securities loaned activities which are shown gross in interest income and interest expense for US GAAP.
- (c) Economic Income (Loss) recognizes revenues (i) net of fund start-up costs and distribution fees paid to agents, (ii) records income from uncrystallized incentive fees and (iii) the Company's proportionate share of management and incentive fees of certain real estate operating entities, the healthcare royalty business and the activist business.
- (d) Economic Income (Loss) recognizes Company income from proprietary trading (including interest and dividends).
- (e) Reimbursement from affiliates is shown as a reduction of Economic Income expenses, but is included as a part of revenues under US GAAP.
- (f) Economic Income (Loss) recognizes underwriting income from the Company's insurance related activities, net of expenses, within other revenue.
- (h) Economic Income (Loss) excludes income taxes and acquisition related adjustments as management does not consider these items when evaluating the performance of the segment.
- (i) Economic Income (Loss) recognizes the Company's proportionate share of expenses, for certain real estate operating entities and the activist business, for which the investments are recorded under the equity method of accounting for investments.

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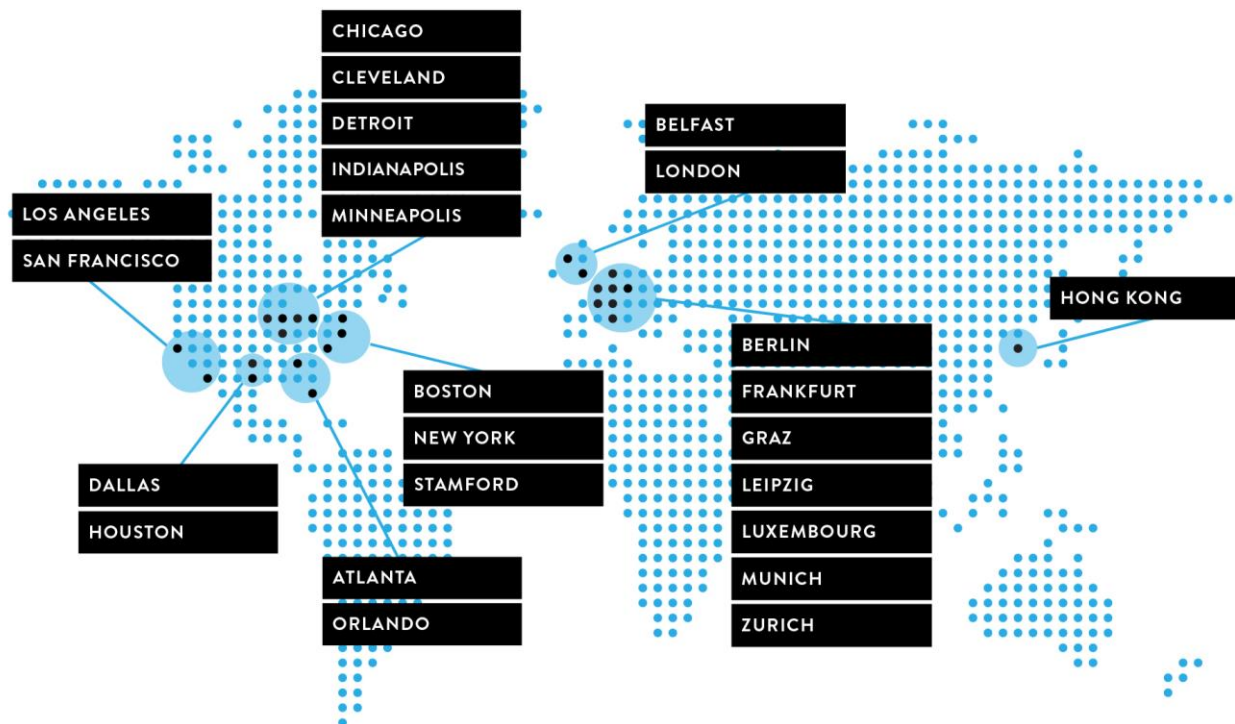
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