

FINANCIAL SUPPLEMENT

2019 Second Quarter

JULY 26, 2019

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1. CONSOLIDATED

Revenue Metrics (Non-GAAP) - Consolidated

	2017	2018				2019		
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
<i>\$ thousands</i>								
INVESTMENT BANKING REVENUE	\$223,614	\$93,924	\$80,042	\$77,510	\$77,586	\$329,062	\$82,991	\$104,264
Advisory								
Revenue	\$41,835	\$14,360	\$14,498	\$22,195	\$30,680	\$81,733	\$28,414	\$11,906
Total transactions	16	5	10	6	9	30	9	10
Average fee (implied)	\$2,613	\$2,880	\$1,450	\$3,700	\$3,411	\$2,723	\$3,156	\$1,190
Median fee	\$1,600	\$2,300	\$1,325	\$2,094	\$2,300	\$1,800	\$734	\$1,117
Transaction value	\$15,609	\$1,078	\$2,984	\$1,712	\$5,115	\$10,889	\$6,423	\$6,422
Capital Markets								
Revenue	\$181,780	\$79,564	\$65,544	\$55,315	\$46,906	\$247,329	\$54,577	\$92,358
Total transactions	105	37	31	31	22	121	30	46
Of which bookrun	66	28	22	19	13	82	21	32
Average fee (implied)	\$1,731	\$2,151	\$2,113	\$1,784	\$2,132	\$2,044	\$1,820	\$2,009
Median fee	\$1,200	\$1,672	\$1,625	\$1,178	\$1,600	\$1,600	\$1,344	\$1,538
MARKETS REVENUE	\$323,573	\$117,240	\$121,033	\$106,588	\$127,368	\$472,229	\$113,261	\$125,276
Brokerage Revenue	\$312,780	\$114,071	\$113,186	\$101,672	\$123,371	\$452,300	\$105,157	\$120,672
Institutional brokerage*	\$241,160	\$82,248	\$83,255	\$73,659	\$88,412	\$327,574	\$76,450	\$88,222
Institutional services	\$71,620	\$31,823	\$29,931	\$28,013	\$34,959	\$124,726	\$28,707	\$32,450
Financing revenue & other**	\$10,793	\$3,169	\$7,847	\$4,916	\$3,997	\$19,929	\$8,104	\$4,604
Markets revenue per trading day	\$1,289	\$1,921	\$1,891	\$1,692	\$2,022	\$1,881	\$1,857	\$1,989
# Trading days	251	61	64	63	63	251	61	63
# Publishing analysts***	55	54	54	53	51	51	51	52
MANAGEMENT FEE	\$55,387	\$13,126	\$12,486	\$12,386	\$11,178	\$49,176	\$10,431	\$10,468
Monthly run rate (trailing 3 months)	\$4,616	\$4,375	\$4,162	\$4,129	\$3,726	\$4,098	\$3,477	\$3,489
INCENTIVE INCOME	\$26,028	\$5,197	\$9,363	\$6,910	\$2,277	\$23,747	\$16,747	\$4,229
INVESTMENT INCOME	\$45,142	\$14,301	\$19,954	\$27,672	\$(5,582)	\$56,345	\$16,984	\$485
TOTAL REVENUE****	\$666,182	\$241,507	\$234,310	\$226,233	\$207,412	\$909,460	\$233,469	\$244,389

* "Institutional Brokerage" revenue includes: cash equities, electronic trading, options, ADR, special situations and credit; "Institutional Services" revenue includes: prime services, global clearing, securities finance, soft dollar and commission recapture

** "Other" includes Investment Income and management fees

*** Includes equity, credit and macro publishing analysts

**** Total revenue is the sum of investment banking, brokerage, management fee, incentive income, investment income and other revenue

Summary Operating and Other Financial Information (Non-GAAP) - Consolidated

	2017	2018				2019	2019	
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
SUMMARY ECONOMIC INCOME DATA (\$ thousands)								
Economic income revenue	\$666,182	\$241,507	\$234,310	\$226,233	\$207,412	\$909,460	\$233,469	\$244,389
Economic income (loss)*	\$9,044	\$22,360	\$20,043	\$20,985	\$5,954	\$69,342	\$15,274	\$15,483
Economic operating income (loss)	\$20,601	\$25,346	\$23,002	\$23,894	\$8,683	\$80,925	\$20,230	\$20,435
RETURN ON AVERAGE COMMON EQUITY								
Annualized return on average common equity**	3.1%	15.6%	13.6%	13.7%	5.0%	12.1%	11.5%	11.4%
PER COMMON SHARE INFORMATION								
Economic income per share (basic)	\$0.31	\$0.75	\$0.67	\$0.71	\$0.20	\$2.35	\$0.51	\$0.52
Economic Income per share (diluted)	\$0.31	\$0.73	\$0.65	\$0.68	\$0.19	\$2.26	\$0.48	\$0.49
Economic operating income per share (basic)	\$0.70	\$0.86	\$0.77	\$0.81	\$0.30	\$2.74	\$0.68	\$0.69
Economic operating income per share (diluted)	\$0.70	\$0.83	\$0.75	\$0.77	\$0.28	\$2.63	\$0.64	\$0.65
NON-INTEREST EXPENSES (EX. D&A)								
Compensation expenses	\$387,957	\$134,128	\$131,305	\$126,715	\$114,132	\$506,280	\$129,679	\$135,503
Non-compensation expenses	\$120,194	\$34,273	\$34,501	\$34,684	\$37,202	\$140,660	\$114,761	\$155,194
Fixed non-compensation expenses (ex. D&A)	\$120,088	\$34,235	\$34,464	\$34,653	\$37,164	\$140,516	\$38,241	\$38,415
Variable non-compensation expenses	\$105,786	\$37,987	\$37,238	\$30,732	\$37,690	\$143,647	\$37,674	\$39,949
DEPRECIATION & AMORTIZATION								
Depreciation	\$2,065	\$1,582	\$1,662	\$1,653	\$1,674	\$6,572	\$1,674	\$1,694
Amortization	\$9,492	\$1,404	\$1,297	\$1,255	\$1,055	\$5,011	\$3,282	\$3,258
EXPENSE RATIOS								
Compensation to revenue ratio	56%	56%	56%	56%	55%	56%	56%	55%
Non-compensation expenses to revenue ratio	34%	30%	31%	29%	36%	31%	31%	32%
Fixed non-compensation expense to revenue ratio (ex. D&A)	18%	14%	15%	16%	18%	16%	15%	16%
Variable non-compensation expense to revenue ratio	16%	16%	16%	14%	18%	16%	16%	16%

* Economic Income is after payment of preferred dividends, and in previous Financial Supplements this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods has been updated in this Financial Supplement.

** See "Return on Common Equity (ROCE) Definition" page

Summary Operating and Other Financial Information (Non-GAAP) - Consolidated

	2017	2018				2019	2019	
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
INVESTED CAPITAL BREAKDOWN								
Operating Co	\$499,557	\$495,100	\$534,692	\$575,688	\$584,454	\$584,454	\$442,459	\$528,908
Asset Co	\$184,803	\$190,653	\$182,509	\$201,933	\$202,268	\$202,268	\$192,341	\$149,036
Total invested capital	\$684,400	\$685,753	\$717,201	\$777,621	\$786,722	\$786,722	\$634,800	\$677,944
SELECT BALANCE SHEET DATA								
Cowen Inc. stockholders' equity	\$748,019	\$758,787	\$793,207	\$808,244	\$794,407	\$794,407	\$814,782	\$817,424
Common equity	\$646,703	\$657,471	\$691,891	\$706,928	\$693,091	\$693,091	\$713,466	\$716,108
Book value per share	\$21.82	\$22.27	\$23.37	\$24.26	\$24.37	\$24.37	\$24.12	\$24.29
Tangible book value per per share	\$18.77	\$19.25	\$20.40	\$21.28	\$21.36	\$21.36	\$17.84	\$18.24
SUMMARY STOCKHOLDERS' EQUITY INFORMATION								
Stockholders' Equity	\$748,019	\$758,787	\$793,207	\$808,244	\$794,407	\$794,407	\$814,782	\$817,424
<i>Less:</i>								
Preferred Stock	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316
Common Equity	\$646,703	\$657,471	\$691,891	\$706,928	\$693,091	\$693,091	\$700,930	\$716,108
OTHER DATA								
Common shares outstanding (end of period)	29,632	29,517	29,609	29,143	28,438	28,438	29,581	29,480
Common shares outstanding (average)								
Basic	29,492	29,625	29,769	29,610	29,194	29,545	29,750	29,769
Diluted	29,492	30,492	30,720	30,844	30,955	30,735	31,625	31,522
Employees, end of period	1,129	1,097	1,105	1,131	1,134	1,134	1,223	1,240

Reconciliation of US GAAP and Economic Income (Unaudited)

	Three Months Ended June 30, 2019			
	US GAAP Net Income (Loss)	Adjustments		Economic Income (Loss)
		Other Adjustments (1)	Funds Consolidation (2)	
Revenue				
Investment banking	\$ 114,705	\$ (10,489) (a)	\$ —	\$ 104,216
Brokerage	111,382	9,290 (b)	—	120,672
Management fees	7,039	2,864 (c)	565	10,468
Incentive income	8	4,221 (c)	—	4,229
Investment income	—	485 (d)	—	485
Interest and dividends	40,047	(40,047) (b)(d)	—	—
Reimbursement from affiliates	254	(287)	33	—
Reinsurance premiums	14,331	(14,331) (e)	—	—
Other revenues	930	3,401 (f)	(12)	4,319
Consolidated Funds	3,468	— (f)	(3,468)	—
Total revenue	292,164	(44,893)	(2,882)	244,389
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	39,528	(32,822) (b)(d)	—	6,706
Total net revenues	252,636	(12,071)	(2,882)	237,683
Expenses				
Non interest expense	240,781	(21,962) (a)(e)(h)(i)	—	218,819
Goodwill impairments	4,100	(4,100)	—	—
Consolidated Funds expenses	2,231	—	(2,231)	—
Total expenses	247,112	(26,062)	(2,231)	218,819
Total other income (loss)	9,692	(6,865) (c)(d)(i)	(2,827)	—
Income taxes expense / (benefit)	5,073	(5,073) (h)	—	—
Income (loss) attributable to redeemable non-controlling interests in consolidated subsidiaries and investment funds	4,331	830	(3,478)	1,683
Income (loss) attributable to Cowen Inc.	5,812	11,369	—	17,181
Less: Preferred stock dividends	1,698	—	—	1,698
Income (loss) attributable to Cowen Inc. common stockholders / Economic income (loss)	\$ 4,114	\$ 11,369	\$ —	15,483
Add: Depreciation and Amortization				4,952
Economic operating income (loss)				\$ 20,435

Note: Refer to End Notes, Definition of GAAP to Non-GAAP Measures and Legal Notice at the end of the Financial Supplement

Reconciliation of US GAAP and Economic Income (Unaudited)

	Six Months Ended June 30, 2019			
	US GAAP	Adjustments		Economic
	Net Income (Loss)	Other	Funds	Income (Loss)
		Adjustments (1)	Consolidation (2)	
Revenue				
Investment banking	\$ 194,811	\$ (7,599) (a)	\$ —	\$ 187,212
Brokerage	208,845	16,984 (b)	—	225,829
Management fees	14,180	5,652 (c)	1,066	20,898
Incentive income	23	20,409 (c)	544	20,976
Investment income	—	17,468 (d)	—	17,468
Interest and dividends	69,139	(69,139) (b)(d)	—	—
Reimbursement from affiliates	542	(609) (e)	(67)	—
Reinsurance premiums	20,922	(20,922) (f)	—	—
Other revenues	1,991	3,499 (f)	(12)	5,478
Consolidated Funds	5,808	—	(5,808)	—
Total revenue	516,261	(34,257)	(4,143)	477,861
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	68,612	(55,342) (b)(d)	—	13,270
Total net revenues	447,649	21,085	(4,143)	464,591
Expenses				
Non interest expense	460,088	(34,084) (a)(e)(h)(i)	—	426,004
Goodwill impairments	4,100	(4,100)	—	—
Consolidated Funds expenses	3,713	—	(3,713)	—
Total expenses	467,901	(38,184)	(3,713)	426,004
Total other income (loss)	50,634	(47,186) (c)(d)(i)	(3,448)	—
Income taxes expense / (benefit)	8,250	(8,250) (h)	—	—
Income (loss) attributable to redeemable non-controlling interests in consolidated subsidiaries and investment funds	6,537	1,772	(3,878)	4,431
Income (loss) attributable to Cowen Inc.	15,595	18,561	—	34,156
Less: Preferred stock dividends	3,396	—	—	3,396
Income (loss) attributable to Cowen Inc. common stockholders / Economic income (loss)	\$ 12,199	\$ 18,561	\$ —	30,760
Add: Depreciation and Amortization				9,908
Economic operating income (loss)				\$ 40,668

Note: Refer to End Notes, Definition of GAAP to Non-GAAP Measures and Legal Notice at the end of the Financial Supplement

2. OPERATING CO

Revenue Metrics (Non-GAAP) - Operating Co

\$ thousands	2017	2018				2019		
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
INVESTMENT BANKING REVENUE	\$223,614	\$93,924	\$80,042	\$77,510	\$77,586	\$329,062	\$82,991	\$104,264
Advisory								
Revenue	\$41,835	\$14,360	\$14,498	\$22,195	\$30,680	\$81,733	\$28,414	\$11,906
Total transactions	16	5	10	6	9	30	9	10
Average fee (implied)	\$2,613	\$2,880	\$1,450	\$3,700	\$3,411	\$2,723	\$3,156	\$1,190
Median fee	\$1,600	\$2,300	\$1,325	\$2,094	\$2,300	\$1,800	\$734	\$1,117
Transaction value	\$15,609	\$1,078	\$2,984	\$1,712	\$5,115	\$10,889	\$6,423	\$6,422
Capital Markets								
Revenue	\$181,780	\$79,564	\$65,544	\$55,315	\$46,906	\$247,329	\$54,577	\$92,358
Total transactions	105	37	31	31	22	121	30	46
Of which bookrun	66	28	22	19	13	82	21	32
Average fee (implied)	\$1,731	\$2,151	\$2,113	\$1,784	\$2,132	\$2,044	\$1,820	\$2,009
Median fee	\$1,200	\$1,672	\$1,625	\$1,178	\$1,600	\$1,600	\$1,344	\$1,538
MARKETS REVENUE	\$323,573	\$117,240	\$121,033	\$106,588	\$127,368	\$472,229	\$113,261	\$125,276
Brokerage Revenue	\$312,780	\$114,071	\$113,186	\$101,672	\$123,371	\$452,300	\$105,157	\$120,672
Institutional brokerage*	\$241,160	\$82,248	\$83,255	\$73,659	\$88,412	\$327,574	\$76,450	\$88,222
Institutional services	\$71,620	\$31,823	\$29,931	\$28,013	\$34,959	\$124,726	\$28,707	\$32,450
Financing revenue & other**	\$10,793	\$3,169	\$7,847	\$4,916	\$3,997	\$19,929	\$8,104	\$4,604
Markets revenue per trading day	\$1,289	\$1,921	\$1,891	\$1,692	\$2,022	\$1,881	\$1,857	\$1,989
# Trading days	251	61	64	63	63	251	61	63
# Publishing analysts***	55	54	54	53	51	51	51	52
MANAGEMENT FEE	\$45,007	\$11,279	\$10,938	\$10,840	\$10,410	\$43,466	\$9,728	\$9,968
Monthly run rate (trailing 3 months)	\$3,751	\$3,760	\$3,646	\$3,613	\$3,470	\$3,622	\$3,243	\$3,323
INCENTIVE INCOME	\$17,872	\$3,039	\$12,321	\$1,859	\$(368)	\$16,851	\$16,637	\$2,633
INVESTMENT INCOME	\$7,204	\$18,233	\$18,476	\$25,779	\$(8,896)	\$53,593	\$16,142	\$(3,141)
TOTAL REVENUE****	\$609,784	\$241,210	\$234,152	\$217,664	\$200,627	\$893,651	\$231,778	\$238,652

* Brokerage revenue does not include financing revenue, which is included in investment income. "Institutional Brokerage" revenue includes: cash equities, electronic trading, options, ADR, special situations and credit; "Institutional Services" revenue includes: prime services, global clearing, securities finance, soft dollar and commission recapture

** Includes equity, credit and macro publishing analysts

*** Total revenue is the sum of investment banking, brokerage, management fee, incentive income and investment income

Summary Operating and Other Financial Information (Non-GAAP) - Operating Co

<i>\$ thousands</i>	2019
	Q2
SUMMARY ECONOMIC INCOME DATA (<i>\$ thousands</i>)	
Economic income revenue	\$238,652
Economic income (loss)*	\$14,757
Economic operating income (loss)	\$19,702
RETURN ON AVERAGE COMMON EQUITY	
Annualized return on average common equity**	12.1%
PER COMMON SHARE INFORMATION	
Economic income per share (basic)	\$0.50
Economic Income per share (diluted)	\$0.50
Economic operating income per share (basic)	\$0.66
Economic operating income per share (diluted)	\$0.63
NON-INTEREST EXPENSES (EX. D&A)	
Compensation expenses	\$133,782
Non-compensation expenses	\$77,081
Fixed non-compensation expenses (ex. D&A)	\$37,171
Variable non-compensation expenses	\$39,910
DEPRECIATION & AMORTIZATION	
Depreciation	\$1,686
Amortization	\$3,259
EXPENSE RATIOS	
Compensation to revenue ratio	56%
Non-compensation expenses to revenue ratio	32%
Fixed non-compensation expense to revenue ratio (ex. D&A)	16%
Variable non-compensation expense to revenue ratio	17%

* Economic Income is after payment of preferred dividends, and in previous Financial Supplements this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods has been updated in this Financial Supplement.

** See "Return on Common Equity (ROCE) Definition" page

3. ASSET CO

Revenue Metrics (Non-GAAP) - Asset Co

<i>\$ thousands</i>	2017	2018				2019		
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
MANAGEMENT FEE	\$10,380	\$1,847	\$1,548	\$1,546	\$768	\$5,709	\$703	\$500
Monthly run rate (trailing 3 months)	\$865	\$616	\$516	\$515	\$256	\$475.75	\$234	\$167
INCENTIVE INCOME	\$8,156	\$2,158	-\$2,958	\$5,051	\$2,645	\$6,896	\$110	\$1,596
INVESTMENT INCOME	\$37,938	\$(3,932)	\$1,478	\$1,893	\$3,314	\$2,753	\$842	\$3,626
TOTAL REVENUE	\$56,398	\$297	\$158	\$8,569	\$6,785	\$15,809	\$1,691	\$5,737

Summary Operating and Other Financial Information (Non-GAAP) - Asset Co

<i>\$ thousands</i>	2019
	Q2
SUMMARY ECONOMIC INCOME DATA (\$ thousands)	
Economic income revenue	\$5,737
Economic income (loss)*	\$726
Economic operating income (loss)	\$733
RETURN ON AVERAGE COMMON EQUITY	
Annualized return on average common equity**	4.8%
PER COMMON SHARE INFORMATION	
Economic income per share (basic)	\$0.02
Economic Income per share (diluted)	\$0.02
Economic operating income per share (basic)	\$0.02
Economic operating income per share (diluted)	\$0.02
NON-INTEREST EXPENSES (EX. D&A)	
Compensation expenses	\$1,721
Non-compensation expenses	\$1,283
Fixed non-compensation expenses (ex. D&A)	\$1,244
Variable non-compensation expenses	\$39
DEPRECIATION & AMORTIZATION	
Depreciation	\$8
Amortization	\$(1)
EXPENSE RATIOS	
Compensation to revenue ratio	30.0%
Non-compensation expenses to revenue ratio	22.4%
Fixed non-compensation expense to revenue ratio (ex. D&A)	21.7%
Variable non-compensation expense to revenue ratio	0.7%

* Economic Income is after payment of preferred dividends, and in previous Financial Supplements this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods has been updated in this Financial Supplement.

** See "Return on Common Equity (ROCE) Definition" page

4. APPENDIX

Return on Common Equity (ROCE) Definition

RETURN ON COMMON EQUITY:

$$\text{Return on Common Equity} = \frac{\text{Economic Operating Income}}{\text{Average Common Equity}}$$

where:

$$\text{Economic Operating Income} = \text{Economic Income} + \text{Depreciation \& Amortization}$$

$$\text{Average Common Equity} = \frac{\text{Common Equity (Beginning of Period)} + \text{Common Equity (End of Period)}}{2}$$

Note: Economic Income is after payment of preferred dividends, and in previous Financial Supplements this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods have been updated in this Financial Supplement.

Definition of US GAAP to Non-GAAP Financial Measures

In addition to the results presented in the Company's earnings press release in accordance with accounting principles generally accepted in United States of America ("US GAAP"), the Company presents financial measures that are non-GAAP measures, such as Economic Income (Loss) and Economic Income (Loss) excluding certain non-cash items. The Company believes that these non-GAAP measures, viewed in addition to, and not in lieu of, the Company's reported US GAAP results, provide useful information to investors regarding its performance and overall results of operations. These metrics are an integral part of the Company's internal reporting to measure the performance of its businesses and the overall effectiveness of senior management. Reconciliations to comparable US GAAP measures are available in the schedules included in this financial supplement. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other public companies, and are not identical to corresponding measures used in our various agreements or public filings.

Economic Income (Loss)

Economic Income (Loss) may not be comparable to similarly titled measures used by other public companies. Cowen uses Economic Income (Loss) as a measure of its operating performance, not as a measure of liquidity. Economic Income (Loss) should not be considered in isolation or as a substitute for operating income, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with US GAAP. As a result of the adjustments made to arrive at Economic Income (Loss) described below, Economic Income (Loss) has limitations in that it does not take into account certain items included or excluded under US GAAP, including its consolidated funds. Economic Income (Loss) is considered by management as a supplemental measure to the US GAAP results to provide a more complete understanding of its performance as management measures it.

In general, Economic Income (Loss) is a pre-tax measure that:

Eliminates

- (i) the impact of consolidation for consolidated funds and

Excludes

- (ii) goodwill and intangible impairment
- (iii) certain other transaction-related adjustments and/or reorganization expenses and
- (iv) certain costs associated with debt

Economic Operating Income (Loss) is a similar measure but before depreciation and amortization expenses.

In addition, Economic Income (Loss) revenues *include*:

- Investment income that represents the income the Company has earned in investing its own capital, including realized and unrealized gains and losses, interest and dividends, net of associated investment related expenses
 - For US GAAP purposes, these items are included in each of their respective line items
- Management fees, incentive income and investment income earned through the Company's investment as a general partner in certain real estate entities and the Company's investment in the activist business and certain funds
 - For US GAAP purposes, all of these items, are recorded in other income (loss)
- Economic Income (Loss) presents underwriting expenses net of investment banking revenues, expenses reimbursed from clients within their respective expense category and records income from uncrystallized incentive fees. 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.

In addition, Economic Income (Loss) expenses are reduced by reimbursement from affiliates, which for US GAAP purposes is presented gross as part of revenue.

For a more complete description of Economic Income (Loss) and a reconciliation of US GAAP net income (loss) to Economic Income (Loss) for the periods presented and additional information regarding the reconciling adjustments, please see the End Notes in the Financial Supplement.

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 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.
- (g) Aircraft lease revenue is shown net of expenses in investment income for Economic Income (Loss).
- (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.
- (j) Economic Income (Loss) excludes gain/(loss) on debt extinguishment.