

FINANCIAL SUPPLEMENT

Second Quarter 2022

August 3, 2022

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1. COWEN INC.

Revenue Metrics (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020	2021					2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
<i>\$ thousands</i>										
INVESTMENT BANKING REVENUE	\$351,085	\$729,180	\$293,488	\$214,427	\$262,618	\$255,155	\$1,025,688	\$98,697	\$97,757	\$196,453
Advisory Revenue	\$132,188	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$602,240	\$74,917	\$78,649	\$153,566
M&A										
Revenue	\$83,152	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$333,723	\$42,730	\$29,450	\$72,180
Total transactions	48	48	10	29	25	31	95	11	19	30
Average fee (implied)	1,732	3,560	\$5,566	\$2,931	\$4,133	\$2,895	3,513	\$3,885	\$1,550	2,406
Median fee	\$1,008	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541	\$2,700	\$1,272	1,494
Transaction value (in M)	\$10,443	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$48,875	\$3,534	\$1,841	\$5,374
Capital Markets Advisory ¹										
Revenue	\$49,036	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$268,517	\$32,187	\$49,199	\$81,386
Total transactions	27	37	15	18	31	17	81	15	20	35
Average fee (implied)	\$1,816	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$3,315	\$2,146	\$2,460	\$2,325
Median fee	\$900	\$2,225	\$2,450	\$1,310	\$1,500	\$1,500	\$1,880	\$600	\$1,000	\$839
Underwriting Revenue ²										
Revenue	\$218,897	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$423,448	\$23,780	\$19,108	\$42,888
Total transactions	114	166	63	40	46	44	193	7	5	12
Average fee (implied)	\$1,920	\$2,651	\$2,550	\$2,152	\$1,889	\$2,042	\$2,194	\$3,397	\$3,822	\$3,574
Median fee	\$1,477	\$2,007	\$1,825	\$1,740	\$1,457	\$1,289	\$1,825	\$1,425	\$1,461	\$1,425
BROKERAGE REVENUE	\$459,143	\$652,647	\$221,848	\$175,845	\$160,486	\$170,347	\$728,525	\$197,794	\$181,997	\$379,791
Institutional brokerage ³	\$323,965	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$512,910	\$143,213	\$123,703	\$266,916
Institutional services	\$135,178	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$215,615	\$54,581	\$58,294	\$112,875
Prime Services Management Fees ⁴	\$2,996	\$3,067	\$782	\$923	\$941	\$926	\$3,572	\$996	\$836	\$1,832
Miscellaneous Markets Fees ⁴	\$3,414	\$1,620	(\$631)	\$627	\$13	\$2,098	\$2,108	(\$305)	(\$470)	-\$775
Total Markets Revenue ⁴	\$465,553	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$734,205	\$198,485	\$182,363	\$380,848
Markets revenue per trading day	\$1,847	\$2,598	\$3,639	\$2,816	\$2,523	\$2,709	\$2,914	\$3,201	\$2,941	\$3,071
# Trading days	252	253	61	63	64	64	252	62	62	124
# Publishing analysts ⁵	52	53	51	51	55	59	59	61	62	62
MANAGEMENT FEE	\$42,297	\$59,100	\$27,200	\$18,124	\$15,034	\$20,096	\$80,455	\$20,706	\$20,415	\$41,121
Monthly run rate for period	\$3,525	\$4,925	\$9,067	\$6,041	\$5,011	\$6,699	\$6,705	\$6,902	\$6,805	\$3,427
INCENTIVE INCOME	\$45,732	\$85,362	\$108,711	(\$31,052)	(\$57,735)	\$13,502	\$33,426	(\$13,012)	(\$30,004)	(\$43,016)
INVESTMENT INCOME	\$35,726	\$29,223	\$35,008	\$5,478	\$(20,027)	\$(5,903)	\$14,556	\$23,633	\$(9,932)	\$13,701
OTHER REVENUE	\$5,843	\$782	\$1,163	\$7,307	\$(1,321)	\$791	\$7,940	\$3,820	\$8,404	\$12,224
TOTAL REVENUE⁶	\$939,827	\$1,556,294	\$687,418	\$390,129	\$359,055	\$453,988	\$1,890,590	\$331,638	\$268,637	\$600,274

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Capital Markets Underwriting" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture.

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) 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 Unaudited) - Cowen Inc.

	2019	2020	2021					2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
SUMMARY ECONOMIC INCOME DATA (\$ thousands)										
Economic proceeds	\$939,827	\$1,556,291	\$687,418	\$390,129	\$359,055	\$453,988	\$1,890,590	\$331,638	\$268,637	\$600,274
Pre-tax economic income (loss) ¹	\$50,490	\$320,038	\$196,831	\$67,202	\$55,272	\$108,908	\$428,214	\$52,193	\$1,134	\$53,327
Economic income tax expense	\$0	\$0	\$52,751	\$18,010	\$13,855	\$24,579	\$109,194	\$13,048	\$817	\$13,865
Economic income (loss) ²	\$43,698	\$313,245	\$142,382	\$47,494	\$39,719	\$82,631	\$312,228	\$37,447	\$(1,381)	\$36,066
Economic operating income (loss) ²	\$64,137	\$335,922	\$145,568	\$50,836	\$43,272	\$86,708	\$326,386	\$42,837	\$3,724	\$46,560
RETURN ON AVERAGE COMMON EQUITY										
Annualized return on average common equity ³	9.0 %	43.4 %	62.2 %	21.7 %	17.5 %	34.7 %	34.6 %	16.6 %	1.5 %	9.0 %
PER COMMON SHARE INFORMATION										
Economic income per share (basic)	\$1.48	\$11.54	\$5.20	\$1.77	\$1.38	\$2.98	\$11.16	\$1.32	\$(0.05)	\$1.29
Economic Income per share (diluted)	\$1.40	\$10.86	\$4.24	\$1.40	\$1.21	\$2.64	\$9.57	\$1.18	\$(0.05)	\$1.17
Economic operating income per share (basic)	\$2.17	\$12.35	\$5.32	\$1.89	\$1.50	\$3.13	\$11.66	\$1.51	\$0.13	\$1.66
Economic operating income per share (diluted)	\$2.05	\$11.63	\$4.34	\$1.50	\$1.32	\$2.77	\$10.00	\$1.35	\$0.12	\$1.51
NON-INTEREST EXPENSES (EX. D&A)										
Compensation expenses	\$537,535	\$864,520	\$388,397	\$220,413	\$202,888	\$238,904	\$1,050,601	\$187,375	\$151,780	\$339,155
Non-compensation expenses	\$298,540	\$312,523	\$89,336	\$87,866	\$88,394	\$94,168	\$359,764	\$93,798	\$103,796	\$197,594
Fixed non-compensation expenses (ex. D&A) ⁴	\$142,864	\$141,994	\$35,623	\$40,376	\$40,344	\$43,873	\$160,215	\$40,874	\$42,896	\$83,770
Variable non-compensation expenses ⁴	\$155,674	\$170,529	\$53,713	\$47,490	\$48,050	\$50,295	\$199,549	\$52,924	\$60,900	\$113,824
Floor brokerage & trade execution expenses	\$102,337	\$138,534	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292	\$40,454	\$44,533	\$84,986
Client services & business development expenses	\$41,305	\$15,435	\$2,694	\$3,404	\$5,227	\$7,184	\$18,508	\$5,612	\$10,292	\$15,904
Other variable non-compensation expenses	\$12,032	\$16,561	\$5,539	\$5,391	\$9,347	\$7,470	\$27,749	\$6,858	\$6,075	\$12,934
DEPRECIATION & AMORTIZATION										
Depreciation	\$7,310	\$10,454	\$2,565	\$2,671	\$2,870	\$2,917	\$11,023	\$2,935	\$2,926	\$5,861
Amortization	\$13,122	\$12,223	\$1,789	\$1,894	\$1,926	\$2,372	\$7,981	\$4,250	\$4,071	\$8,321
EXPENSE RATIOS										
Compensation to revenue ratio	57.2 %	55.6 %	56.5 %	56.5 %	56.5 %	52.6 %	55.6 %	56.5 %	56.5 %	56.5 %
Non-compensation expenses to revenue ratio	31.8 %	20.1 %	13.0 %	22.5 %	24.6 %	20.7 %	19.0 %	28.3 %	38.6 %	32.9 %
Fixed non-compensation expense to revenue ratio (ex. D&A)	15.2 %	9.1 %	5.2 %	10.3 %	11.2 %	9.7 %	8.5 %	12.3 %	16.0 %	14.0 %
Variable non-compensation expense to revenue ratio	16.6 %	11.0 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %	16.0 %	22.7 %	19.0 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is calculated net of associated taxes. The Company utilized all available federal net operating losses not subject to limitation by the end of FY2020.

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

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020	2021				2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
INVESTED CAPITAL BREAKDOWN¹									
Operating Co ²	\$530,739	\$689,648	\$800,026	\$831,569	\$677,578	\$734,705	\$760,970	\$705,494	\$745,736
Asset Co	\$155,849	\$127,462	\$128,501	\$126,189	\$120,187	\$121,249	\$124,032	\$119,576	\$115,460
Total invested capital	\$686,588	\$817,110	\$928,527	\$957,758	\$797,765	\$855,954	\$855,954	\$825,070	\$861,196
SUMMARY STOCKHOLDERS' EQUITY INFORMATION									
Stockholders' Equity	\$809,855	\$969,495	\$1,106,865	\$1,097,344	\$1,083,127	\$1,015,869	\$1,015,869	\$1,035,148	\$1,047,171
Less:									
Preferred Stock	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$0	\$0	\$0	\$0
Common Equity	\$708,539	\$868,179	\$1,005,549	\$996,028	\$981,811	\$1,015,869	\$1,015,869	\$1,035,148	\$1,047,171
Book value per share	\$24.77	\$32.34	\$37.45	\$34.35	\$35.40	\$36.57	\$36.57	\$37.49	\$37.67
Tangible book value per per share	\$18.72	\$25.95	\$30.92	\$28.35	\$29.17	\$26.56	\$26.56	\$27.54	\$27.89
OTHER DATA									
Common shares outstanding (end of period)	28,610	26,846	26,852	28,996	27,735	27,779	27,779	27,615	27,802
Common shares outstanding (weighted average)									
Basic	29,525	27,790	27,359	26,903	28,864	27,731	27,721	28,386	27,897
Diluted	31,286	29,519	33,565	33,858	32,724	31,355	32,628	31,710	30,153
Employees, end of period	1,291	1,362	1,406	1,449	1,500	1,534	1,534	1,559	1,540
LTM revenues per average employees (thousands)	\$ 780	\$ 1,173	\$ 1,496	\$ 1,360	\$ 1,378	\$ 1,306	\$ 1,308	\$ 1,035	\$ 946

1) Full year invested capital is the quarterly average for the respective period

2) Starting in 3Q21, excess operating cash has been removed from Operating Co. Invested Capital

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending June 30, 2022

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications		Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company	
Revenues									
Investment banking	\$ 100,169	\$ (2,412)	(a) (b)	\$ —	\$ —	\$ 97,757	\$ 97,757	\$ —	
Brokerage	154,656	27,341	(c)(d)(i)	—	—	181,997	181,935	62	
Management fees	16,717	3,651	(d)(e)(f)	47	—	20,415	20,173	242	
Incentive income (loss)	—	(30,004)	(d)(e)(f)	—	—	(30,004)	(29,014)	(990)	
Investment income (loss)	(10,003)	10,157	(g)(i)	(10,086)	—	(9,932)	(10,135)	203	
Interest and dividends	48,545	(48,545)	(c)(g)(i)	—	—	—	—	—	
Insurance and reinsurance premiums	14,278	(14,278)	(h)	—	—	—	—	—	
Other revenues, net	(6,625)	15,029	(d)(g)(h)	—	—	8,404	8,404	—	
Consolidated Funds revenues	(15,324)	—		15,324	—	—	—	—	
Total revenues	302,413	(39,061)		5,285	—	268,637	269,120	(483)	
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	53,925	(48,890)	(c)(g)(i)	—	(78) (m)	4,957	4,339	618	
Total net revenues	248,488	9,829		5,285	78	263,680	264,781	(1,101)	
Expenses									
Compensation & benefits	151,322	458	(j)(k)	—	—	151,780	151,235	545	
Fixed non-compensation expense	—	42,974	(e)(*)	—	(78) (n)	42,896	42,873	23	
Variable non-compensation expense	—	60,900	(*)	—	—	60,900	60,893	7	
Other non-compensation expense	88,552	(107,645)	(a)(b)(d)(g) (h)(j)(*)	—	19,093 (n)	—	—	—	
Depreciation & amortization	6,997	—		—	—	6,997	6,990	7	
Non-controlling interest	—	(27)	(k)	—	—	(27)	(27)	—	
Consolidated Funds expenses	54	—		(54)	—	—	—	—	
Total expenses	246,925	(3,340)		(54)	19,015	262,546	261,964	582	
Other income (loss)	3,527	(3,527)	(e)(f)(g)(i)	—	—	—	—	—	
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	5,090	9,642		5,339	(18,937)	1,134	2,817	(1,683)	
Income taxes expense / (benefit)	5,908	—		—	(5,091) (o)	817	1,236	(419)	
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(14,981)	9,642	(k)	5,339	—	—	—	—	
Income (loss) attributable to Cowen Inc.	14,163	—		—	(13,846)	317	1,581	(1,264)	
Less: Preferred stock dividends	1,698	—		—	—	1,698	1,477	221	
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 12,465	\$ —		\$ —	\$ (13,846)	\$ (1,381)	104	(1,485)	
Add back: Depreciation and amortization expense	—	—		—	—	5,105	5,101	4	
Economic Operating Income (Loss)	\$ 3,724	\$ 5,205		\$ —	\$ (1,481)	\$ 3,724	\$ 5,205	\$ (1,481)	

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending June 30, 2021

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company		
Revenues									
Investment banking	\$ 224,981	\$ (10,554)	(a)(b)(i)	\$ —	\$ —	\$ 214,427	\$ 214,427	\$ —	
Brokerage	139,060	36,785	(c)(i)	—	—	175,845	175,845	—	
Management fees	14,995	3,074	(d)(e)	55	—	18,124	17,825	299	
Incentive income (loss)	169	(31,053)	(e)(f)	(168)	—	(31,052)	(31,566)	514	
Investment income (loss)	3,160	1,266	(g)(i)	1,052	—	5,478	5,595	(117)	
Interest and dividends	62,173	(62,173)	(c)(g)(i)	—	—	—	—	—	
Reimbursement from affiliates	—	—	(b)	—	—	—	—	—	
Insurance and reinsurance premiums	11,493	(11,493)	(g)	—	—	—	—	—	
Other revenues, net	2,031	5,276	(h)	—	—	7,307	7,307	—	
Consolidated Funds revenues	695	—	(d)(g)(h)	(695)	—	—	—	—	
Total revenues	458,757	(68,872)		244	—	390,129	389,433	696	
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	63,073	(48,147)	(c)(g)(i)	—	(6,329) (m)	8,597	7,423	1,174	
Total net revenues	395,684	(20,725)		244	6,329	381,532	382,010	(478)	
Expenses									
Compensation & benefits	219,186	1,227	(j)(k)	—	—	220,413	216,280	4,133	
Fixed non-compensation expense	—	40,452	(e)(*)	—	(76) (n)	40,376	40,329	47	
Variable non-compensation expense	—	47,488	(*)	—	—	47,488	47,482	6	
Other non-compensation expense	109,217	(103,987)	(a)(b)(d)(g)(h)(j)(*)	—	(5,230) (n)	—	—	—	
Depreciation & amortization	4,565	—	—	—	—	4,565	4,561	4	
Non-controlling interest	—	1,488	(k)	—	—	1,488	1,488	—	
Consolidated Funds expenses	124	—	—	(124)	—	—	—	—	
Total expenses	333,092	(13,332)		(124)	(5,306)	314,330	310,140	4,190	
Other income (loss)	6,730	(6,730)	(e)(f)(g)(i)	—	—	—	—	—	
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	69,322	(14,123)		368	11,635	67,202	71,870	(4,668)	
Income taxes expense / (benefit)	10,244	—		—	7,766 (o)	18,010	19,261	(1,251)	
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	13,755	(14,123) (k)		368	—	—	—	—	
Income (loss) attributable to Cowen Inc.	45,323	—		—	3,869	49,192	52,609	(3,417)	
Less: Preferred stock dividends	1,698	—		—	—	1,698	1,460	238	
Income (loss) attributable to Cowen Inc. common stockholders/Economic Income (Loss)	\$ 43,625	\$ —		\$ —	\$ 3,869	47,494	51,149	(3,655)	
Add back: Depreciation and amortization expense						3,342	3,339	3	
Economic Operating Income (Loss)						\$ 50,836	\$ 54,488	\$ (3,652)	

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Six Months Ended June 30, 2022

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company		
Revenues									
Investment banking	\$ 201,711	\$ (5,258) (a) (b)	\$ —	\$ —	\$ 196,453	\$ 196,453	\$ —		
Brokerage	323,394	56,397 (c)(d)(i)	—	—	379,791	379,791	—		
Investment income (loss)	58,084	(32,982) (g)(i)	(11,401)	—	13,701	12,091	1,610		
Management fees	33,486	7,536 (d)(e)(f)	99	—	41,121	40,613	508		
Incentive income (loss)	633	(43,649) (d)(e)(f)	—	—	(43,016)	(41,811)	(1,205)		
Interest and dividends	94,880	(94,880) (c)(g)(i)	—	—	—	—	—		
Reimbursement from affiliates	—	— (b)	—	—	—	—	—		
Insurance and reinsurance premiums	25,599	(25,599) (h)	—	—	—	—	—		
Other revenues, net	(7,574)	19,798 (d)(g)(h)	—	—	12,224	12,223	1		
Consolidated Funds revenues	(17,208)	—	17,208	—	—	—	—		
Total revenues	713,005	(118,637)	5,906	—	600,274	599,360	914		
Interest and dividend expense	100,449	(105,265) (c)(g)(i)	—	(154) (m)	(4,970)	(4,170)	(800)		
Total net revenues	612,556	(13,372)	5,906	154	605,244	603,530	1,714		
Expenses									
Compensation & benefits	338,500	655 (j)(k)	—	—	339,155	337,660	1,495		
Fixed non-compensation expense	—	83,928 (e),(*)	—	(158) (n)	83,770	83,748	22		
Variable non-compensation expense	—	113,824 (*)	—	—	113,824	113,810	14		
Other non-compensation expense	196,696	(210,657) (a)(b)(d)(g)(h)(j)(*)	—	13,961 (n)	—	—	—		
Depreciation & amortization	14,182	—	—	—	14,182	14,169	13		
Non-controlling interest	—	986 (k)	—	—	986	986	—		
Consolidated Funds expenses	159	—	(159)	—	—	—	—		
Total expenses	549,537	(11,264)	(159)	13,803	551,917	550,373	1,544		
Other income (loss)	9,107	(9,107) (e)(f)(g)(i)	—	— (n)(p)	—	—	—		
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	72,126	(11,215)	6,065	(13,649)	53,327	53,157	170		
Income taxes expense / (benefit)	17,797	—	—	(3,932) (o)	13,865	13,821	44		
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	5,150	(11,215) (k)	6,065	—	—	—	—		
Income (loss) attributable to Cowen Inc.	\$ 49,179	\$ —	\$ —	\$ (9,717)	39,462	\$ 39,336	\$ 126		
Less: Preferred stock dividends	3,396	—	—	—	3,396	2,938	458		
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 45,783	\$ —	\$ —	\$ (9,717)	36,066	\$ 36,398	\$ (332)		
Add back: Depreciation and amortization expense					10,494	10,485	9		
Economic Operating Income (Loss)					\$ 46,560	\$ 46,883	\$ (323)		

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Six Months Ended June 30, 2021

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments		Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/(Loss)	Operating Company	Asset Company
Revenues							
Investment banking	\$ 529,815	\$ (21,901) (a)(b)(i)	\$ —	\$ —	\$ 507,914	\$ 507,914	\$ —
Brokerage	312,797	84,895 (c)(i)	—	—	397,692	397,692	—
Management fees	40,737	2,481 (d)(e)	2,107	—	45,325	44,709	616
Incentive income (loss)	2,427	75,301 (e)(f)	(70)	—	77,658	78,359	(701)
Investment income (loss)	179,297	(137,197) (g)(i)	(1,613)	—	40,487	37,514	2,973
Interest and dividends	121,561	(121,561) (c)(g)(i)	—	—	—	—	—
Insurance and reinsurance premiums	18,610	(18,610) (h)	—	—	—	—	—
Other revenues, net	3,690	4,780 (d)(g)(h)	—	—	8,470	8,471	(1)
Consolidated Funds revenues	(2,652)	—	2,652	—	—	—	—
Total revenues	1,206,282	(131,812)	3,076	—	1,077,546	1,074,659	2,887
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	120,714	(97,986) (c)(g)(i)	—	(7,101) (m)(p)	15,627	13,366	2,261
Total net revenues	1,085,568	(33,826)	3,076	7,101	1,061,919	1,061,293	626
Expenses							
Compensation & benefits	607,382	1,427 (j)(k)	—	—	608,809	601,858	6,951
Fixed non-compensation expense	—	76,316 (e)(*)	—	(317) (n)	75,999	76,036	(37)
Variable non-compensation expense	—	101,203 (*)	—	—	101,203	101,190	13
Other non-compensation expense	211,748	(213,314) (a)(b)(d)(g)(h)(j)(*)	—	1,566 (n)	—	—	—
Depreciation & amortization	8,919	—	—	—	8,919	8,910	9
Non-controlling interest	—	2,955 (k)	—	—	2,955	2,955	—
Consolidated Funds expenses	395	—	(395)	—	—	—	—
Total expenses	828,444	(31,413)	(395)	1,249	797,885	790,949	6,936
Other income (loss)	18,692	(19,375) (e)(f)(g)(i)	—	683	—	—	—
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	275,816	(21,788)	3,471	6,535	264,034	270,344	(6,310)
Income taxes expense / (benefit)	64,672	—	—	6,088 (o)	70,760	72,451	(1,691)
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	18,317	(21,788) (k)	3,471	—	—	—	—
Income (loss) attributable to Cowen Inc.	192,827	—	—	447	193,274	197,893	(4,619)
Less: Preferred stock dividends	3,396	—	—	—	3,396	2,887	509
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 189,431	\$ —	\$ —	\$ 447	189,878	195,006	(5,128)
Add back: Depreciation and amortization expense					6,528	6,522	6
Economic Operating Income (Loss)					\$ 196,406	\$ 201,528	\$ (5,122)

Adjustments Made to US GAAP Net Income (Loss) to Arrive at Economic Income (Loss)

Management Reclassifications

Management reclassification adjustments and fund consolidation reclassification adjustments have no effect on economic income. These adjustments are reclassifications to change the location of certain line items.

- a Underwriting expenses: Economic Proceeds presents investment banking revenues net of underwriting expenses.
- b Reimbursable client expenses: Economic Proceeds presents expenses reimbursed from clients and affiliates within their respective expense category but is included as a part of revenues under US GAAP.
- c Securities financing interest expense: Brokerage within Economic Proceeds included net securities borrowed and securities loaned activities which are shown gross in interest income and interest expense for US GAAP.
- d Fund start-up costs, distribution and other fees: Economic Proceeds and Economic Interest Expense are net of fund start-up costs and distribution fees paid to agents and other debt service costs.
- e Certain equity method investments: Economic Proceeds and Economic Expenses recognize the Company's proportionate share of management and incentive fees and associated share of expenses on a gross basis for equity method investments within the activist business, real estate operating entities and the healthcare royalty business. The Company applies the equity method of accounting to these entities and accordingly the results from these businesses are recorded within Other Income (Loss) for US GAAP.
- f Carried interest: The Company applies an equity ownership model to carried interest which is recorded in Investment income - Carried interest allocation for US GAAP. The Company presents carried interest as Incentive Income Economic Proceeds.
- g Proprietary trading, interest and dividends: Economic Proceeds presents interest and dividends from the Company's proprietary trading in investment income.
- h Insurance related activities expenses: Economic Proceeds presents underwriting income from the Company's insurance and reinsurance related activities, net of expenses, within other revenue. The costs are recorded within expenses for US GAAP reporting.
- i Facilitation trading gains and losses: Economic Brokerage Proceeds presents gains and losses on investments held as part of the Company's facilitation and trading business within brokerage revenues as these investments are directly related to the markets business activities while these are presented in
- j Associated partner/banker compensation reclassification: Economic Compensation Expense presents certain payments to associated banking partners as compensation rather than non-compensation expenses.
- k Management company non-controlling interest: Economic Expenses non-controlling interest represents only operating entities that are not wholly owned by the Company. The Company also presents non-controlling interests within total expenses for Economic Income (Loss).
- * US GAAP other non-compensation expenses are presented as fixed non-compensation and variable non-compensation for Economic Income (Loss) reporting.

Fund Consolidation Reclassifications

- l The impacts of consolidation and the related elimination entries of the Consolidated Funds are not included in Economic Income (Loss). Adjustments to reconcile to US GAAP Net Income (Loss) included elimination of incentive income and management fees earned from the Consolidated Funds and addition of investment fund expenses excluding management fees paid, investment fund revenues and investment income (loss).

Income Statement Adjustments

- m Pre-tax Economic Income (Loss) excludes the amortization of discount (premium) on debt.
- n Pre-tax Economic Income (Loss) excludes acquisition related adjustments (including bargain purchase gain and contingent liability adjustments).
- o Pre-tax Economic Income (Loss) excludes US GAAP income taxes.
- p Pre-tax Economic Income (Loss) excludes gain/(loss) on debt extinguishment and accelerated debt costs.
- q Pre-tax Economic income (Loss) excludes preferred stock dividends.

2. OPERATING CO

Revenue Metrics (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020	2021					2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
INVESTMENT BANKING REVENUE	\$351,085	\$729,180	\$293,488	\$214,427	\$262,618	\$255,155	\$1,025,688	\$98,697	\$97,757	\$196,453
Advisory Revenue	\$132,188	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$165,288	\$74,917	\$78,649	\$153,566
M&A										
Revenue	\$83,152	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$89,733	\$42,730	\$29,450	\$72,180
Total transactions	48	48	10	28	25	31	31	11	19	30
Average fee (implied)	\$1,732	\$3,560	\$5,566	\$3,036	\$4,133	\$2,895	\$2,895	\$3,885	\$1,550	\$2,406
Median fee	\$1,008	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541	\$2,700	\$1,272	\$1,494
Transaction value (in M)	\$10,443	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$5,585	\$3,534	\$1,841	\$5,374
Capital Markets Advisory ¹										
Revenue	\$49,036	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$75,555	\$32,187	\$49,199	\$81,386
Total transactions	27	37	15	18	31	17	17	15	20	35
Average fee (implied)	\$1,816	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$4,444	\$2,146	\$2,460	\$2,325
Median fee	\$900	\$2,225	\$2,238	\$1,310	\$1,500	\$1,500	\$1,880	\$600	\$1,000	\$839
Underwriting Revenue ²										
Revenue	\$218,897	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$89,867	\$23,780	\$19,108	\$42,888
Total transactions	114	166	63	40	46	44	44	7	5	12
Average fee (implied)	\$1,920	\$2,650	\$2,550	\$2,152	\$1,889	\$2,042	\$2,042	\$3,397	\$3,822	\$3,574
Median fee	\$1,477	\$2,007	\$1,952	\$1,740	\$1,457	\$1,289	\$1,825	\$1,425	\$1,461	\$1,425
BROKERAGE REVENUE	\$459,143	\$652,647	\$221,848	\$175,845	\$160,486	\$170,347	\$728,525	\$197,856	\$181,935	\$379,791
Institutional brokerage ³	\$323,965	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$124,026	\$143,213	\$123,703	\$266,916
Institutional services	\$135,178	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$604,499	\$54,581	\$58,294	\$112,875
Prime Services Management Fees ⁴	\$2,996	\$3,067	\$782	\$923	\$941	\$926	\$926	\$996	\$836	\$1,832
Miscellaneous Markets Fees ⁴	\$3,414	\$1,620	(\$631)	\$627	\$13	\$2,098	-\$556,080	(\$305)	(\$470)	-\$775
Total Markets Revenue ⁴	\$465,553	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$173,371	\$198,485	\$182,363	\$380,848
Markets revenue per trading day	\$1,847	\$2,598	\$3,524	\$2,816	\$2,523	\$2,709	\$2,709	\$3,201	\$2,941	\$3,071
# Trading days	252	253	63	63	64	64	64	62	62	124
# Publishing analysts ⁵	52	53	51	51	55	59	59	61	62	62
MANAGEMENT FEE	\$40,321	\$58,154	\$26,884	\$17,825	\$14,739	\$19,807	\$79,255	\$20,440	\$20,173	\$40,613
Monthly run rate for period	\$3,360	\$4,846	\$8,961	\$5,942	\$4,913	\$6,602	\$13,209	\$6,813	\$6,724	\$6,769
INCENTIVE INCOME	\$44,600	\$83,435	\$109,925	\$(31,566)	\$(57,288)	\$13,508	\$34,579	\$(12,797)	\$(29,014)	-\$41,811
INVESTMENT INCOME	\$32,615	\$37,786	\$31,918	\$5,595	\$(20,418)	\$(8,553)	\$8,542	\$22,226	\$(10,135)	\$12,091
OTHER REVENUE	\$5,785	\$777	\$1,164	\$7,307	\$(1,320)	\$792	\$7,942	\$3,819	\$8,404	\$12,223
TOTAL REVENUE⁶	\$933,550	\$1,561,979	\$685,227	\$389,433	\$358,817	\$451,056	\$1,884,531	\$330,241	\$269,120	\$599,360

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Underwriting Revenue" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) 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 Unaudited) - Operating Co

\$ thousands	2019	2020	2021				2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
SUMMARY ECONOMIC INCOME DATA										
Economic proceeds	\$933,550	\$1,561,977	\$685,227	\$389,433	\$358,817	\$451,056	\$1,884,531	\$330,241	\$269,120	\$599,360
Pre-tax economic income (loss) ¹	\$58,692	\$334,984	\$198,475	\$71,870	\$60,084	\$99,589	\$430,014	\$50,342	\$2,817	\$53,157
Economic income tax expense	\$0	\$0	\$53,191	\$19,261	\$15,111	\$22,090	\$109,654	\$12,585	\$1,236	\$13,821
Economic income (loss) ²	\$53,258	\$329,381	\$143,858	\$51,149	\$43,496	\$76,022	\$314,519	\$36,297	\$104	\$36,398
Economic operating income (loss) ²	\$73,661	\$352,036	\$147,041	\$54,488	\$47,044	\$80,094	\$328,661	\$41,682	\$5,205	\$46,883
RETURN ON AVERAGE COMMON EQUITY										
Annualized return on average common equity ³	11.0 %	49.4 %	66.8 %	24.8 %	20.2 %	34.4 %	37.6 %	17.1 %	2.1 %	9.6 %
PER COMMON SHARE INFORMATION										
Economic income per share (basic)	\$1.80	\$11.85	\$5.26	\$1.90	\$1.51	\$2.74	\$11.24	\$1.28	\$0.00	\$1.30
Economic Income per share (diluted)	\$1.70	\$11.16	\$4.29	\$1.51	\$1.33	\$2.42	\$9.64	\$1.14	\$0.00	\$1.18
Economic operating income per share (basic)	\$2.49	\$12.67	\$5.37	\$2.03	\$1.63	\$2.89	\$11.75	\$1.47	\$0.19	\$1.68
Economic operating income per share (diluted)	\$2.35	\$11.93	\$4.38	\$1.61	\$1.44	\$2.55	\$10.07	\$1.31	\$0.17	\$1.52
NON-INTEREST EXPENSES (EX. D&A)										
Compensation expenses	\$532,468	\$860,753	\$385,578	\$216,280	\$198,702	\$246,170	\$1,046,730	\$186,424	\$151,235	\$337,660
Non-compensation expenses	\$294,614	\$312,173	\$89,415	\$87,811	\$88,356	\$93,994	\$359,577	\$93,792	\$103,766	\$197,558
Fixed non-compensation expenses (ex. D&A) ⁴	\$140,327	\$141,666	\$35,707	\$40,329	\$40,312	\$43,704	\$160,053	\$40,875	\$42,873	\$83,748
Variable non-compensation expenses ⁴	\$154,287	\$170,507	\$53,707	\$47,482	\$48,044	\$50,290	\$199,524	\$52,917	\$60,893	\$113,810
Floor brokerage & trade execution costs	\$102,290	\$138,533	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292	\$40,454	\$44,532	\$84,986
Client services & business development costs	\$41,214	\$15,418	\$2,691	\$3,399	\$5,222	\$7,179	\$18,491	\$5,608	\$10,289	\$15,897
Other variable non-compensation expenses	\$10,783	\$16,556	\$5,536	\$5,388	\$9,346	\$7,470	\$27,741	\$6,855	\$6,072	\$12,927
DEPRECIATION & AMORTIZATION										
Depreciation	\$7,274	\$10,432	\$2,560	\$2,667	\$2,864	\$2,910	\$11,001	\$2,929	\$2,919	\$5,848
Amortization	\$13,129	\$12,223	\$1,789	\$1,894	\$1,927	\$2,372	\$7,982	\$4,250	\$4,071	\$8,321
EXPENSE RATIOS										
Compensation to revenue ratio	57.0 %	55.1 %	56.3 %	55.5 %	55.4 %	54.6 %	55.5 %	56.5 %	56.2 %	56.3 %
Non-compensation expenses to revenue ratio	31.6 %	20.0 %	13.0 %	22.5 %	24.6 %	20.8 %	19.1 %	28.4 %	38.6 %	33.0 %
Fixed non-comp expense to revenue ratio (ex. D&A)	15.0 %	9.1 %	5.2 %	10.4 %	11.2 %	9.7 %	8.5 %	12.4 %	15.9 %	14.0 %
Variable non-comp expense to revenue ratio	16.5 %	10.9 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %	16.0 %	22.6 %	19.0 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is calculated net of associated taxes. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

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

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

3. ASSET CO

Revenue Metrics (Non-GAAP Unaudited) - Asset Co

<i>\$ thousands</i>	2019	2020	2021					2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
MANAGEMENT FEE	\$1,976	\$946	\$316	\$299	\$295	\$289	\$1,200	\$266	\$242	\$508
Monthly run rate for period	\$165	\$79	\$105	\$100	\$98	\$96	\$200	\$89	\$81	\$85
INCENTIVE INCOME	\$1,132	\$1,927	\$(1,214)	\$514	\$(447)	\$(6)	\$(1,153)	\$(215)	\$(990)	\$(1,205)
INVESTMENT INCOME	\$3,111	\$(8,564)	\$3,090	\$(117)	\$391	\$2,650	\$6,014	\$1,407	\$203	\$1,610
OTHER REVENUE	\$58	\$5	(\$1)	\$0	(\$1)	(\$1)	(\$2)	(\$61)	\$62	\$1
TOTAL REVENUE	\$6,277	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059	\$1,397	\$(483)	\$914

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

\$ thousands	2019	2020	2021					2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	FY
SUMMARY ECONOMIC INCOME DATA										
Economic proceeds	\$6,277	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059	\$1,397	\$(483)	\$914
Pre-tax economic income (loss) ¹	\$(8,202)	\$(14,948)	\$(1,643)	\$(4,668)	\$(4,812)	\$9,319	\$(1,800)	\$1,851	\$(1,683)	\$170
Economic income tax expense	\$0	\$0	\$(440)	\$(1,251)	\$(1,256)	\$2,489	\$(460)	\$463	\$(419)	\$44
Economic income (loss) ²	\$(9,560)	\$(16,136)	\$(1,474)	\$(3,655)	\$(3,777)	\$6,609	\$(2,291)	\$1,150	\$(1,485)	\$(332)
Economic operating income (loss) ²	\$(9,523)	\$(16,114)	\$(1,471)	\$(3,652)	\$(3,772)	\$6,614	\$(2,275)	\$1,155	\$(1,481)	\$(323)
RETURN ON AVERAGE COMMON EQUITY										
Annualized return on average common equity ³	(22.3)%	(26.2)%	(10.2)%	(25.8)%	(27.3)%	38.5 %	(3.3)%	8.4 %	(11.3)%	(1.2)%
PER COMMON SHARE INFORMATION										
Economic income per share (basic)	\$(0.32)	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)	\$0.04	\$(0.05)	\$(0.01)
Economic Income per share (diluted)	\$(0.31)	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)	\$0.04	\$(0.05)	\$(0.01)
Economic operating income per share (basic)	\$(0.32)	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)	\$0.04	\$(0.05)	\$(0.01)
Economic operating income per share (diluted)	\$(0.30)	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)	\$0.04	\$(0.05)	\$(0.01)
NON-INTEREST EXPENSES (EX. D&A)										
Compensation expenses	\$5,070	\$3,767	\$2,819	\$4,133	\$4,186	\$(7,266)	\$3,871	\$951	\$545	\$1,495
Non-compensation expenses	\$3,924	\$350	\$(79)	\$55	\$38	\$174	\$187	\$6	\$30	\$36
Fixed non-compensation expenses (ex. D&A)	\$2,537	\$328	\$(84)	\$47	\$32	\$169	\$162	\$(1)	\$23	\$22
Variable non-compensation expenses	\$1,387	\$22	\$5	\$8	\$6	\$5	\$25	\$7	\$7	\$14
Floor brokerage & trade execution expenses	\$47	\$1	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0
Client services & business development expenses	\$91	\$18	\$3	\$5	\$4	\$5	\$17	\$4	\$4	\$7
Other variable non-compensation expenses	\$1,249	\$4	\$2	\$3	\$2	\$0	\$7	\$3	\$3	\$7
DEPRECIATION & AMORTIZATION										
Depreciation	\$35	\$20	\$4	\$4	\$6	\$7	\$21	\$6	\$7	\$13
Amortization	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXPENSE RATIOS										
Compensation to revenue ratio	80.8 %	N/A	128.7 %	593.8 %	1,758.8 %	N/A	63.9 %	68.1 %	N/A	163.6 %
Non-compensation expenses to revenue ratio	62.5 %	N/A	N/A	7.9 %	16.0 %	5.9 %	3.1 %	0.4 %	N/A	3.9 %
Fixed non-comp expense to revenue ratio (ex. D&A)	40.4 %	N/A	N/A	6.8 %	13.4 %	5.8 %	2.7 %	N/A	N/A	2.4 %
Variable non-comp expense to revenue ratio	22.1 %	N/A	0.2 %	1.1 %	2.5 %	0.2 %	0.4 %	0.5 %	N/A	1.5 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is presented net of associated taxes, starting in the first quarter of 2021, as the Company utilized all available net operating losses during 2020

3) 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 (prior to 2Q'19) 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 supplemental financial measures that are not prepared in accordance with US GAAP. These Non-GAAP financial measures include (i) Pre-tax Economic Income (Loss) (ii) Economic Income (Loss), (iii) Economic Operating Income (Loss), (iv) Economic Proceeds and related components, (v) Net Economic Proceeds and related components, (vi) Economic Expenses and related components and (vii) related per share measures. The Company believes that these Non-GAAP financial measures, viewed in addition to, and not in lieu of, the Company's reported US GAAP results, provide useful information to investors and analysts regarding its performance and overall results of operations as it presents investors and analysts with a supplemental operating view of the Company's financials to help better inform their analysis of the Company's performance.

These Non-GAAP financial measures are an integral part of the Company's internal reporting to measure the performance of its business segments, allocate capital and other strategic decisions as well as assess the overall effectiveness of senior management. The Company believes that presenting these Non-GAAP measures may provide expanded transparency into the Company's business operations, growth opportunities and expense allocation decisions.

The Company's primary Non-GAAP financial measures of profit or loss are Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss). Pre-tax Economic Income (Loss) is a pre-tax measure which (i) includes management reclassifications which the Company believes provide additional insight on the performance of the Company's core businesses and divisions; (ii) eliminates the impact of consolidation for Consolidated Funds; and excludes (iii) goodwill and intangible impairment, (iv) certain other transaction-related adjustments and/or reorganization expenses, as well as (v) certain costs associated with debt. Economic Income (Loss) is a similar measure, but after tax, which includes the Company's income tax expense or benefit calculated on Pre-tax Economic Income (Loss) once all currently available net operating losses have been utilized (this occurred during tax year 2020) and is presented after preferred stock dividends. Economic Operating Income (Loss) is a similar measure to Economic Income (Loss), but before depreciation and amortization expenses. The Company believes that these Non-GAAP financial measures provide analysts and investors transparency into the measures of profit and loss management uses to evaluate the financial performance of and make operating decisions for the segments including determining appropriate compensation levels. Additionally, the measures provide investors and analysts with additional insight into the activities of the Company's core businesses, taking into account, among other things, the impact of minority investment stakes, securities borrowing and lending activities and expenses from investment banking activities on US GAAP reported results. The Company presents Pre-tax Economic Income (Loss) in addition to Economic Income (Loss) and Economic Operating Income (Loss) to provide insight to investors and analysts on how the Company manages its tax position over time.

In addition to Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss), the Company also presents Economic Proceeds, Net Economic Proceeds, Economic Expenses, as well as their related components. These measures include management reclassifications and the elimination of the impact of the consolidation for Consolidated funds as described above. These adjustments are meant to provide comparability to our peers as well as to provide investors and analysts with transparency into how the Company manages its operating businesses and how analysts and investors review and analyze the Company's and its peers' similar lines of businesses. For example, among others, within the Company's Op Co business segment, investors and analysts typically review and analyze the performance of investment banking revenues net of underwriting expenses and excluding the impact of reimbursable expenses. Additionally, the performance of the Company's Markets business is typically analyzed as a unit incorporating commissions, interest from securities financing transactions and gains and losses from proprietary and facilitation trading. The Company's investment management business performance is analyzed and reviewed by investors and analysts through investment income, incentive income and management fees. The presentation of Economic Proceeds, Net Economic Proceeds, Economic Expenses as well as their related components align with these and other examples of how the Company's business activities and performance are reviewed by analysts and investors in addition to providing simplification related to legacy businesses and investments for which the Company maintains long-term monetization strategies. Additionally, the Company manages its operating businesses to an Economic Compensation-to-Proceeds ratio. Presentation of Economic Compensation Expense and Economic Proceeds provides transparency in addition to the Company's US GAAP Compensation Expense.

Reconciliations to comparable US GAAP measures are presented along with the Company's Non-GAAP financial measures. 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.

These Non-GAAP measures should not be considered in isolation or as a substitute for revenue, expenses, 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), 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.