

COWEN
G R O U P

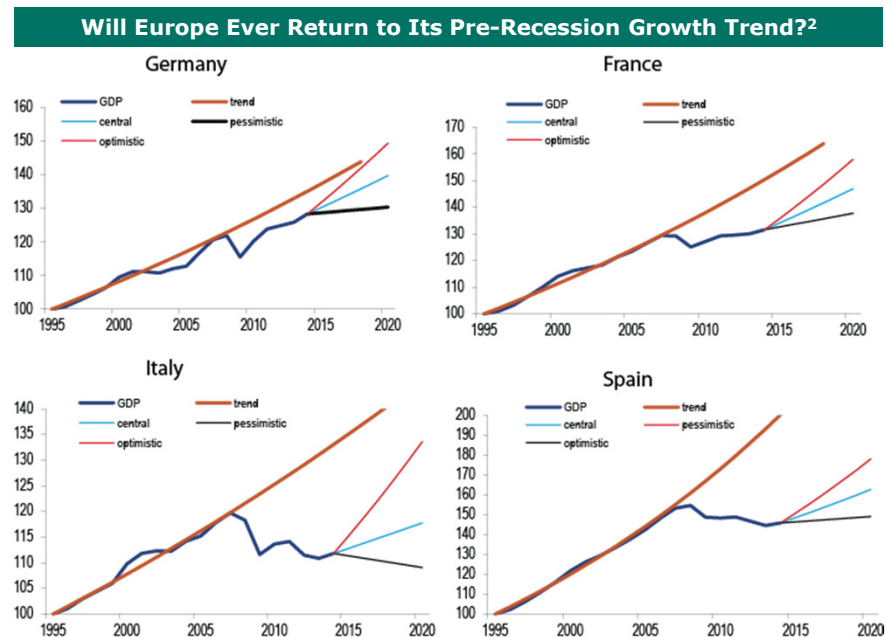
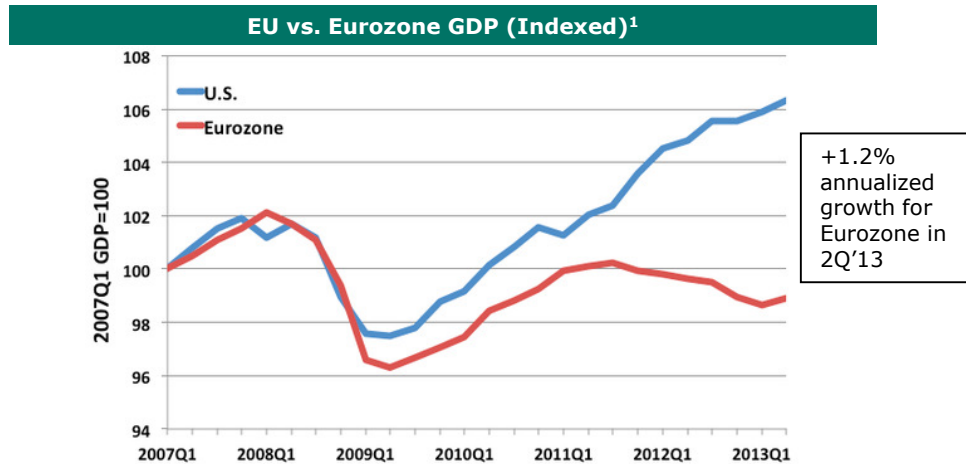
From the World to Washington to Wall Street to You

- Presented by Jeff Solomon, CEO Cowen and Company

September 24, 2013

The World is an Economic Mess

- Europe's 18 month recession ended in 2Q'13
 - -0.3% in 1Q'13, +0.3% in 2Q'13 equals 0% growth
 - Structural problems with euro zone currency union
 - High unemployment and other problems
 - Potential long term damage from a prolonged contraction
 - Can there be a nascent recovery?



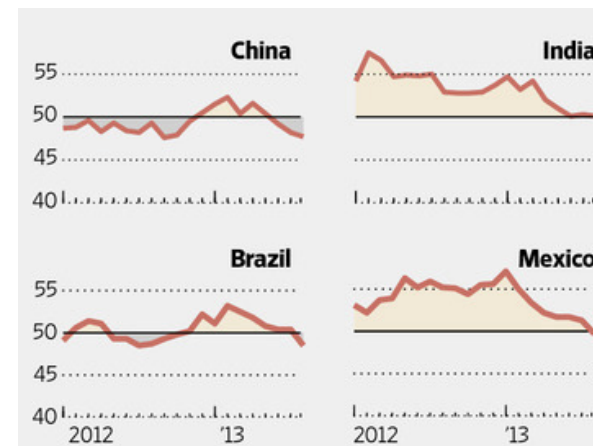
¹ The Atlantic, "What's the Matter With the Global Economy? Europe's Recession Finally Ends Just as China Fades," August 15, 2013.

² Banc of America Merrill Lynch Global Research, "Europe: When Will Growth Return?," February 2013.

The World is an Economic Mess (cont'd)

- China's recovery appears weak
 - Beijing's official full year growth target is 7.5%, the slowest since 1990
 - Slower growth in China impacting other economies
 - Latest flash PMI data indicates exports on the rise
 - How do we really know?
- Other large emerging markets also not expanding as quickly as before
- Weak recoveries in the US and Europe have not translated into increased foreign trade demand
- Last 2 US expansions were driven by consumer demand

Industrial Production – Large Emerging Markets¹



>50 means production expansion

¹ Wall Street Journal, "Emerging World Loses Growth Lead," August 11, 2013

The World has Geopolitical Issues

Iran

- Diplomatic overtures
- Can an agreement be reached?

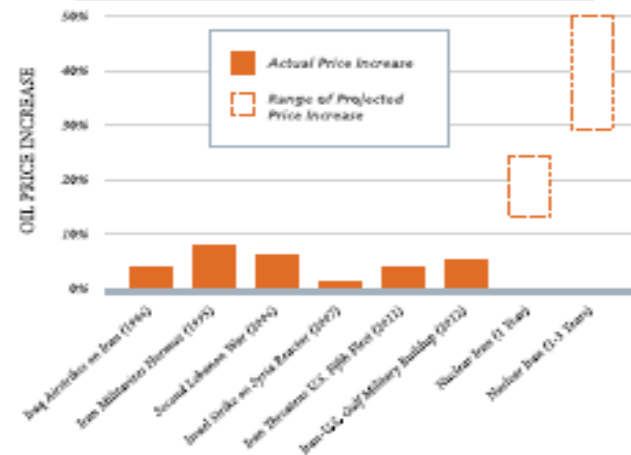
Syria

- Russian-American agreement
- What happens if Syria does not turn over its chemical weapons
- Will the Security Council pass a resolution to take action?

Don't forget about North Korea

Oil Price Reaction to Instability

- Instability in Iran could lead to a 10-25% increase in oil prices, which would result in prices ~\$11-\$27 higher per barrel (Year 1)



% Change in Major Economic Indicators by Scenario

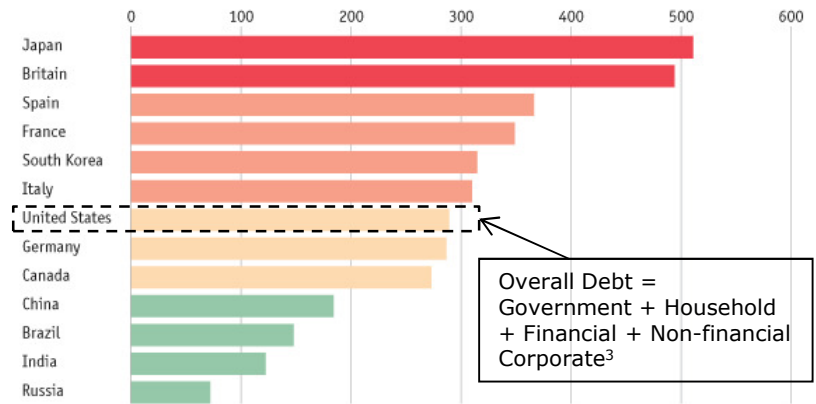
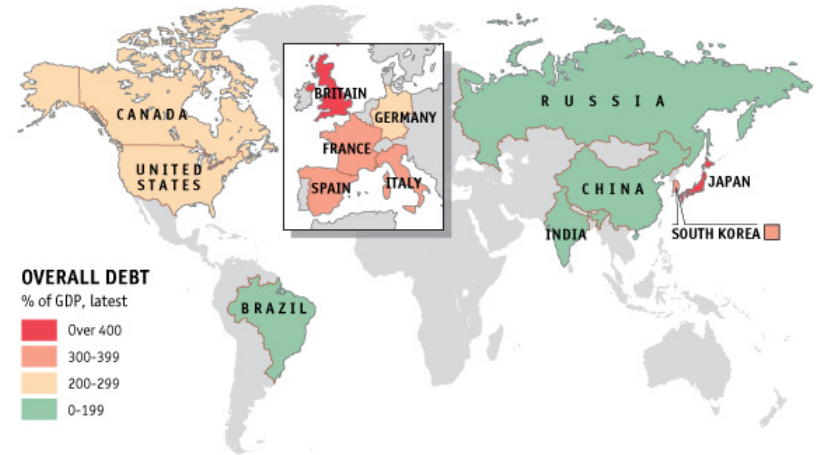
	Nuclear Iran		Saudi Instability		Saudi Facilities Damaged		Sanctions Lapse		Iran-Saudi Nuclear Exchange		Iran-Israel Nuclear Exchange		
	Year 1		Year 3		Reserve Release		No Release		Reserve Release		No Release		
	Reserve Release	No Release	Reserve Release	No Release	Reserve Release	No Release	Reserve Release	No Release	Reserve Release	No Release	Reserve Release	No Release	
Oil Price	12.90%	24.20%	29.00%	50.20%	22.50%	56.80%	3.70%	9.30%	-22.20%	100.00%	46.60%	100.00%	
Gasoline Price	9.10%	17.06%	20.45%	35.40%	15.87%	40.05%	2.61%	6.56%	-15.65%	70.51%	32.90%	70.51%	
GDP	-0.74%	-1.33%	-0.36%	-0.62%	-1.17%	-2.96%	-0.11%	-0.27%		-8.16%	-5.73%	-1.94%	-4.51%
Unemployment	0.25%	0.45%	0.46%	0.83%	0.49%	1.25%	0.04%	0.11%		3.50%	2.44%	0.82%	1.91%
Inflation	0.38%	0.69%	0.13%	0.26%	0.59%	1.58%	0.05%	0.13%		4.61%	3.19%	1.02%	2.48%

- Quantifying the impact of a nuclear event is next to impossible
- This table attempts to put such an event in context

Source: The Price of Inaction: Analysis of Energy and Economic Effects of a Nuclear Iran by Senator Charles S. Robb and General (ret.) Charles Wald, October 2012.

The United States has Very Real Budget Issues

- Debt ceiling crisis continues
- Approximately \$16+ trillion US national gross debt¹
 - 73% is debt held by the public²
 - 27% is intragovernmental debt



Federal Debt Held by the Public Under CBO's Extended Baseline



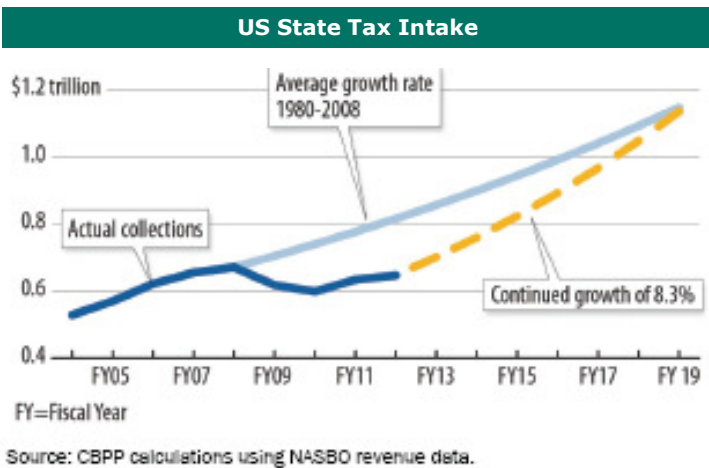
¹ As of September 5, 2013

² Congressional Budget Office "The 2013 Long-Term Budget Outlook," September 17, 2013

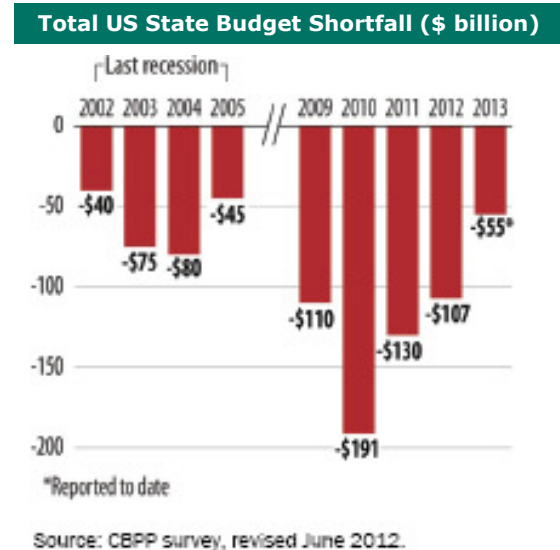
³ The Economist "The Debtor's Merry-Go-Round" (September 19, 2012), McKinsey

US Budget Concerns are not Just a Federal Problem

- Here at home, the monetary and fiscal policies of many US states are so extended that the pain from the Day of Reckoning will be way worse than 2008



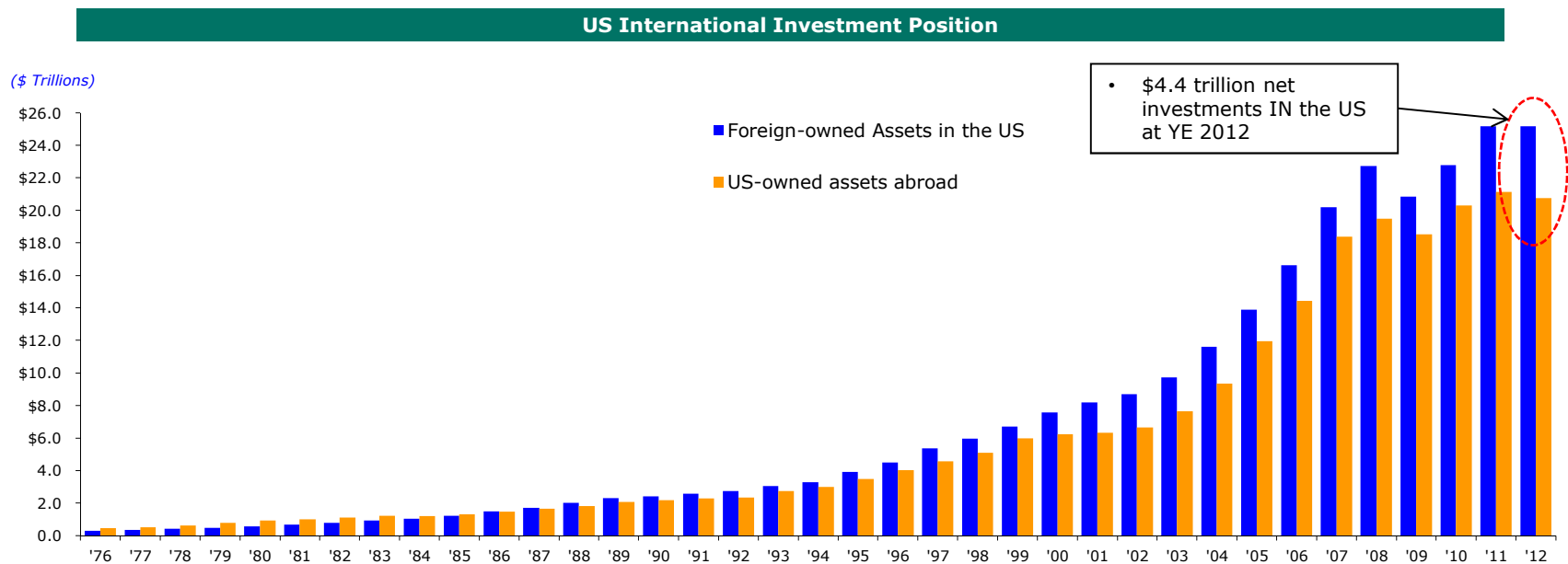
- US state tax intake grew 8.3% in 2011 (5% growth between 1980-2008)
- If the US state tax intake continued to grow at 8.3% per year, losses from recession would not be restored until 2019



- Shortfalls represent instances where states' revenues are less than the cost of providing services
- 4 years after the end of the recession, 31 states with shortfalls for FY2013

But There is a Way Out Because “TINA” – There is No Alternative

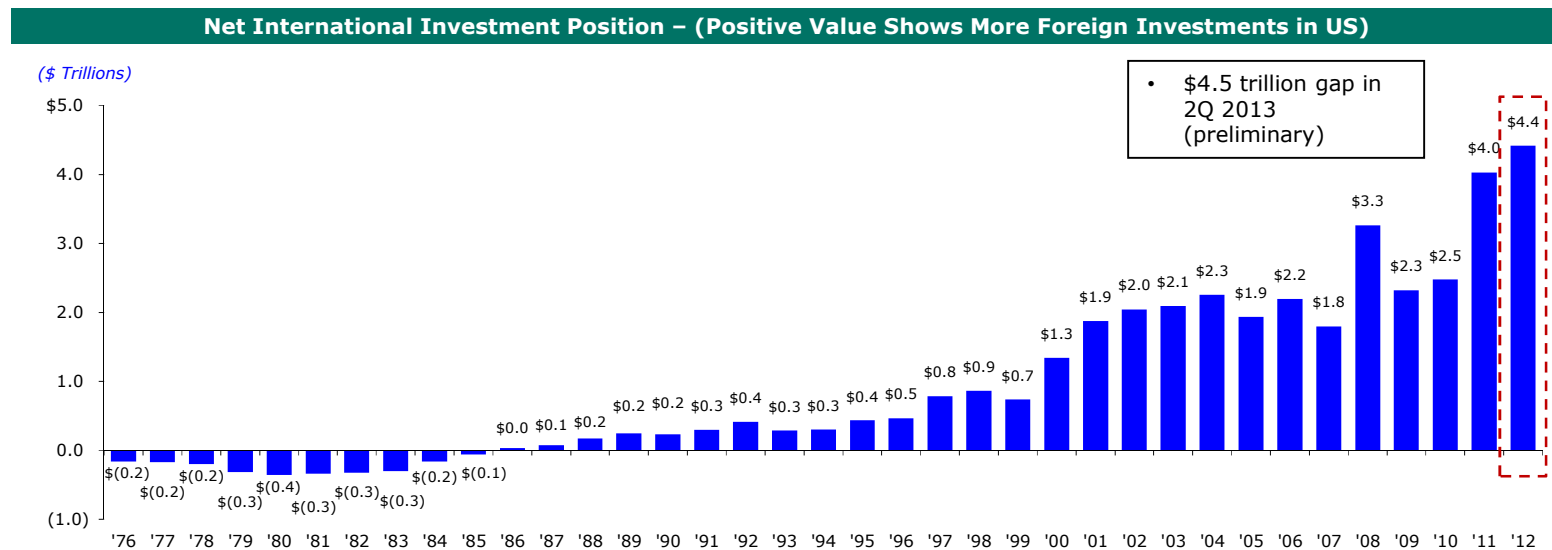
- The US still represents the best place in the world to invest one’s savings
- Given the risks abroad and interest rates near zero, there are few, if any, alternatives for investors seeking returns above the rate of inflation
- That gives us a chance to grow our way out of this by pursuing policies that promote private sector growth and fiscal responsibility



Source: US Department of Commerce Bureau of Economic Analysis

As Bad as Things Could Be in the US, They are Worse in the Rest of World

- Net foreign capital investment in the US is an indicator that the US economy is an attractive *relative* investment center because of the consistent growth potential in the “old economy”

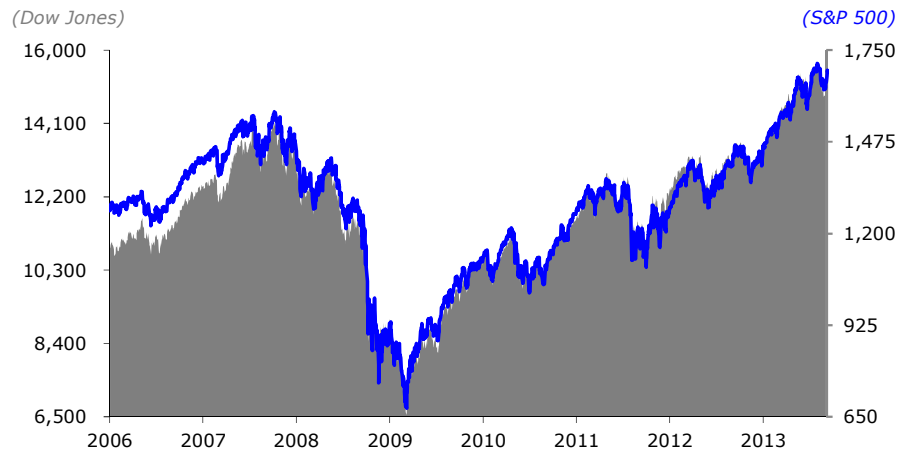


Source: US Department of Commerce Bureau of Economic Analysis

Equity Markets Continue to Trend Positively in 2013

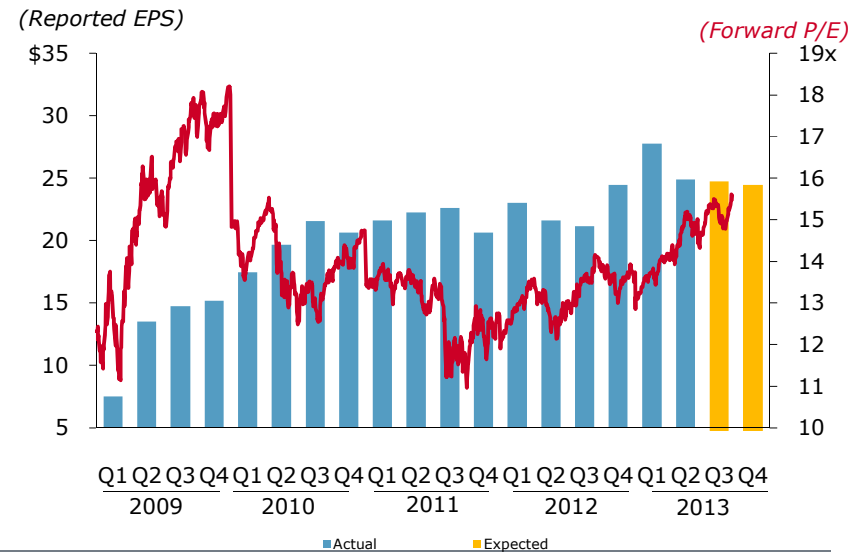
- The Dow is up 17.9% YTD and the S&P 500 is 19.9% YTD
- The rally continues; the S&P 500 is now trading at 16x twelve-month forward earnings
- Investors continue to chase performance
- What effect will tapering have on equity performance?

Dow and S&P 500 At All-Time Highs



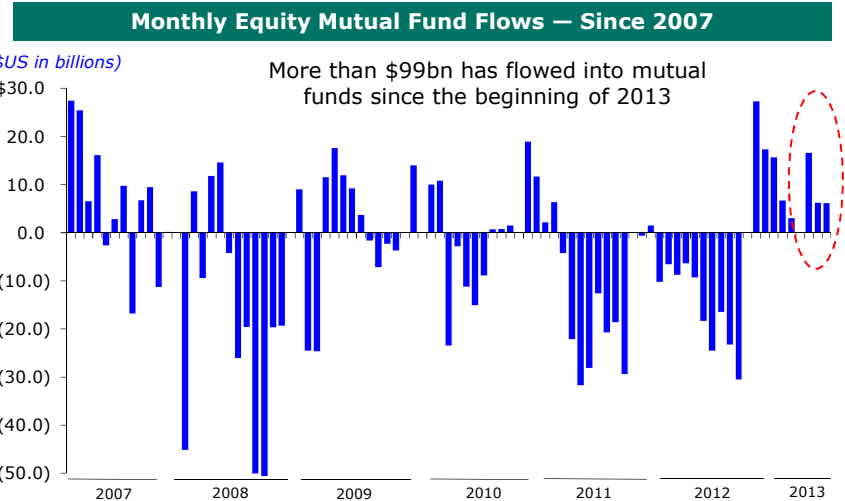
Source: Bloomberg and Capital IQ as of September 20, 2013.

S&P 500 Earnings Power

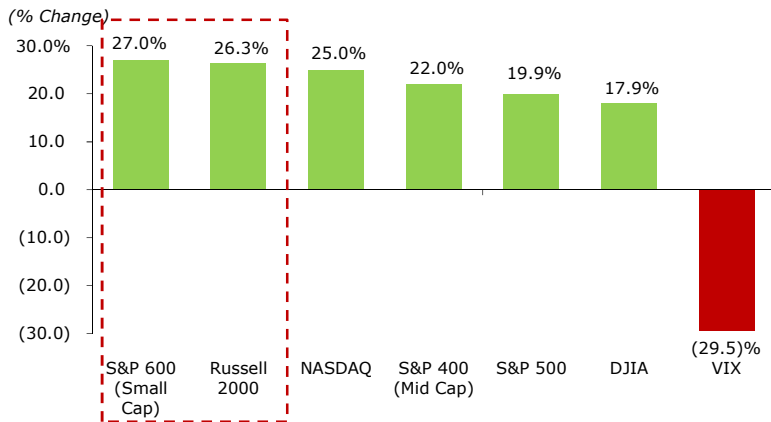


How Long Will This Rally Last?

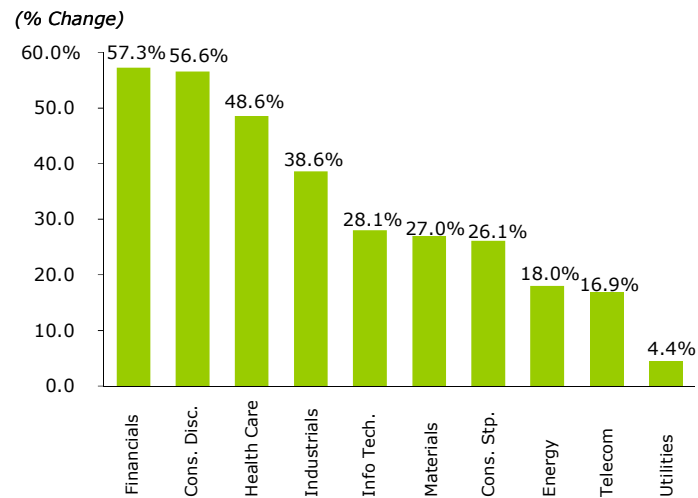
- Since June, investors began shifting money away from bond funds, ending 21 months of inflows
- Reports indicate a rotation into cash vs. equities
- However, last week, equity funds saw largest weekly inflow on record
- Demand for high yield bonds resumed again as well



Small Caps are Outperforming — 2013 YTD



Sector Performance — Since 2012

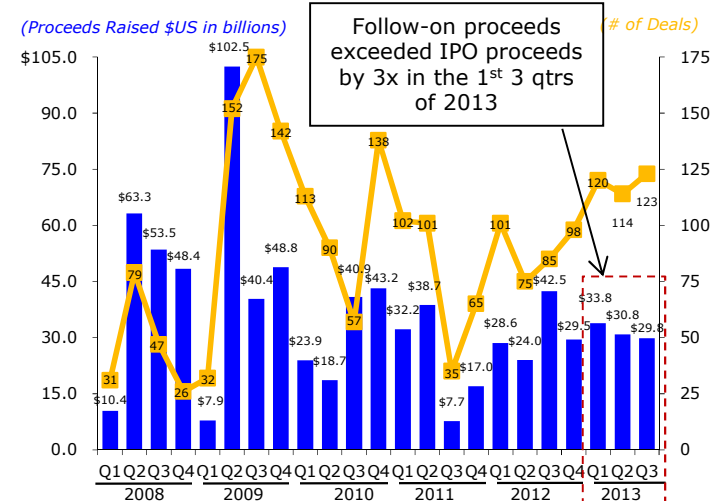


Source: Bloomberg, Capital IQ, ICI as of September 20, 2013.

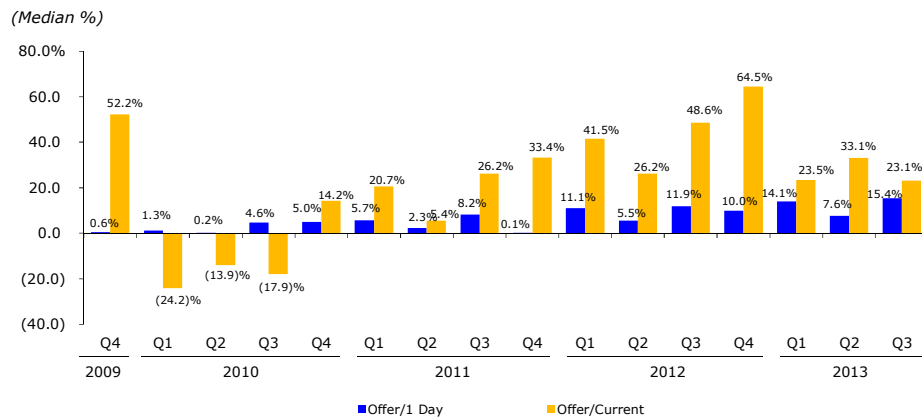
How Long Will This Rally Last? (cont'd)

- The best indicator of the health and psyche of the market is new issuance performance
- Positive IPO performance over the past 7 quarters is good for market sentiment
- Smaller cap companies have been taking advantage of the IPO opportunity as a result of the JOBS Act
- Follow-on deal activity has been healthy and consistent this year

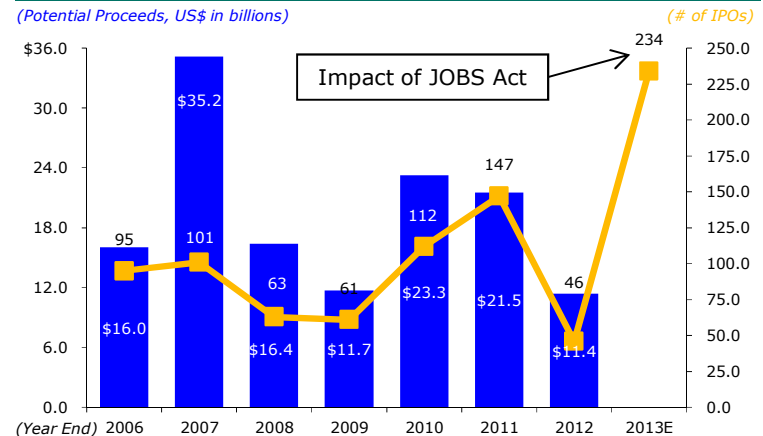
Follow-On Deal Activity— Since 2008



IPO Median % Returns



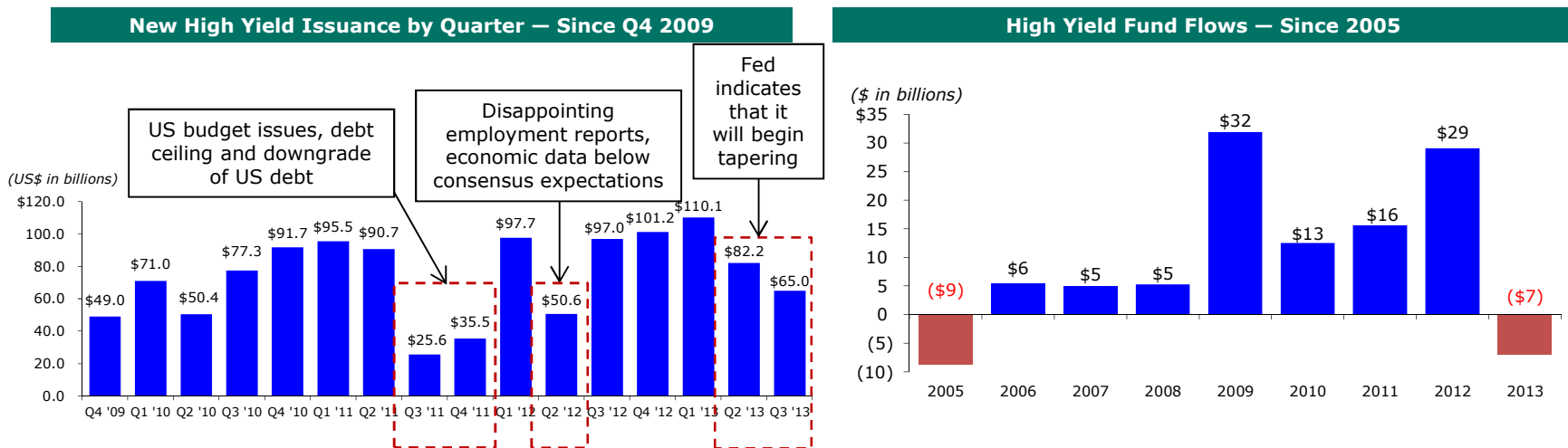
IPO Backlog — Including Confidential Filers¹



Source: ECM Analytics as of September 20, 2013. Excludes closed-end funds, REITs, units, best efforts offerings, non-U.S. offerings and offerings less than \$10 million.
¹ Based on Renaissance Capital Private Company Watchlist as of September 6, 2013.

How Long Will This Rally Last? (cont'd)

- High yield issuance has slowed down in recent months
- YTD issuance totals \$257 billion vs. \$236 billion a year ago
- FY2013 estimates have been revised downwards from expectations indicated earlier this year
- Market has been under pressure since the Fed indicated that it would taper its bond buying program
- Last week's unexpected refrain from tapering
- Notice what happens to high yield issuance as a result of news out of Washington



Source: Bloomberg, DCM Analytics and Lipper. As of September 20, 2013.

Signs of Bipartisan in Washington Have Faded

- A functioning, bipartisan Washington is good for the market and US economy
- Could we get a “Grand Bargain”?
- Would not be surprised to see a government shutdown

Longer Term Investment Theme: The Reindustrialization of America

- 54% of US based manufacturing executives with sales greater than \$1 billion are planning or considering reshoring¹
- Natural gas boom in US, rising overseas wage costs and product quality are among the some of the reasons driving a manufacturing revival
 - GE moved appliance production back to KY from Mexico and China
 - Apple announced that it will manufacture its new Mac Pro line in the US this year
 - Other major manufacturers expected to reshore back to the US: Whirlpool, Otis...
 - Mitsui Chemicals and Mitsubishi Chemical Holdings are among foreign corporations considering or have announced plants to establishing plants in the US due to cheap natural gas
- Private sector job growth
 - 14 the top 100 US metro areas have more jobs today than pre-recession²
 - 6 of these cities are in TX (Austin, San Antonio, El Paso, McAllen, Dallas and Houston)
 - The oil and gas industry has been a important contributor to the job growth
 - Other cities include Omaha, Salt Lake City, Pittsburgh, San Jose, Knoxville, Washington and Charleston

¹ Boston Consulting Group press release, "Majority of Large Manufacturers are Now Planning or Considering 'Reshoring' from China to the U.S.," September 24, 2013.

² Wall Street Journal, "Hiring Spreads, but Only 14 Cities Top Prerecession Level", March 31, 2013

Investment Theme - Energy Independence

- The boom in North American shale oil and natural gas production has been a tailwind not only for the energy industry and jobs, but many related industries like Chemicals, Refining, and Steelmaking
- Massive supply growth of cheap natural gas and oil has revitalized refining, while cheap natural gas feedstocks have lowered production costs for products ranging from fertilizers, plastics, steel, and power
- As discussed, the cheaper cost of energy has spurred the early stages of a reindustrialization of America where companies that previously moved production overseas to lower costs are now reconsidering production in the US
- Companies that stand to benefit:
 - **Chemicals** - The glut of natural gas lowered prices and provides a cheap feedstock for companies producing everything from fertilizers, plastics, and PVC for housing. Companies are taking advantage of cheap gas prices to move down the cost curve and become more competitive in the global marketplace.
 - **Refining** - Growth in domestic crude oil production has caused a paradigm shift that has given Refiners optionality in choosing to source its crude from the cheapest producers as crude price differentials opened up to do massive new supply.
 - **Steel** - Companies are using cheap natural gas supply to experiment with new production methods in traditional industries like Steelmaking.
 - **Utilities** - Companies taking advantage of natural gas to replace coal-based electricity production with a cheap, cleaner source of energy.
 - **Transports** - Future uses may evolve in industries like transportation where companies are testing natural gas as fuel for locomotives. Compressed natural gas is also being developed as a fuel for everything from garbage trucks, school buses, and passenger cars.



APPENDIX

Cowen Group – Who We Are

- Cowen Group is a well capitalized, diversified financial services firm focused solely on businesses where our breadth and depth add value for our clients, customers and shareholders
- In addition, Cowen utilizes its capital base like a merchant bank to facilitate the growth of its alternative investment, investment banking, capital markets, sales and trading and research businesses

RAMIUS A Cowen Group Company	Invested Firm Capital	COWEN AND COMPANY
<p>\$9.0 billion⁽¹⁾ contemporary investment management firm providing alpha and investment solutions to institutional and private clients</p> <ul style="list-style-type: none"> ▪ U.S. Small Cap Activist ▪ Merger Arbitrage ▪ Global Long / Short Credit ▪ Healthcare Royalty ▪ Real Estate ▪ Alternative Solutions ▪ Managed Futures 	<p>History of successfully investing firm capital to achieve superior risk-adjusted returns and to drive the growth of its operating businesses</p> <ul style="list-style-type: none"> ▪ \$506 million in stockholders' equity at 6/30/13 ▪ Significant portion is invested alongside Ramius investment management clients ▪ Since 1999, Ramius has generated an estimated gross compounded annualized return on its proprietary equity capital (ROE) of 16.0% versus the S&P 500 return of 3.8%⁽²⁾ 	<p>Research-driven, growth-oriented investment bank with full suite of advisory and capital markets execution capabilities and equity sales across strategic industry verticals</p> <ul style="list-style-type: none"> ▪ Healthcare ▪ Technology ▪ Consumer ▪ Aerospace & Defense / Industrials ▪ Energy ▪ Metals & Mining ▪ Transportation ▪ Chemicals ▪ Agriculture

(1) As of July 1, 2013.

(2) Returns as of 6/30/13. The 16.0% return represents a gross calculation on a CAGR method and is not representative of the performance of any other Ramius advised investment product. Past performance is not indicative of future results.

Longstanding, Well Recognized Global Asset Management Firm

- Founded in 1994
- Broad suite of non-correlated strategies: activism, event driven equity, long / short credit, healthcare royalty investing, real estate lending, customized advisory solutions and managed futures
- Strategies designed to meet the diverse needs of institutional, high net worth and mass affluent investors
- Global client base: Americas (63% of AUM), Europe/Middle East (19%), Asia-Pacific (18%)
- Fully integrated, institutional quality operating infrastructure with 109 employees

\$9.0 Billion in Assets Under Management⁽¹⁾⁽²⁾

HEDGE FUNDS \$2.8 Billion	HEALTHCARE ROYALTY PARTNERS ⁽⁴⁾ \$1.5 Billion	REAL ESTATE \$1.8 Billion	ALTERNATIVE SOLUTIONS \$2.8 Billion	RAMIUS TRADING STRATEGIES \$0.1 Billion
Orchard Square Partners (Global Long/Short Credit) ⁽³⁾ Starboard Value (US Small Cap Activist) ⁽⁴⁾ Merger Arbitrage	Purchase of Royalty Stream of Healthcare Companies	Real Estate Direct Lending and Equity Funds	Tailored Hedging Solutions Hedge Fund Replications Alpha Fund of Funds	Managed Futures

(1) All assets under management as of July 1, 2013 including Ramius and related entities. Note that the strategies listed in each box above are not a comprehensive list of all strategies. AUM also includes \$0.1 billion in other assets

(2) All data is presented net of any cross-investment.

(3) The Global Long/Short Credit business was restructured under Orchard Square Partners in December 2012. Cowen continues to own a significant interest.

(4) The US Small Cap Value Creation strategy was spun off for strategic purposes as of April 1, 2011 to Starboard Value LP. Cowen continues to own a significant interest.

(5) Healthcare Royalty Partners is affiliated with Cowen and Company LLC.

A Research-Driven, Growth-Oriented Investment Bank

Our Global Presence

> 500 Employees
9 offices globally



Our Core Sectors

A&D / Industrials 	Consumer 	Health Care 	TMT
Energy 	Metals / Mining 	Transportation 	Chemicals / Agriculture

Our Businesses

Research 40 Research Analysts Over 600 Companies	Investment Banking 90 Investment Banking Sector and Product Specialists	Sales and Trading Over 100 Sales and Trading Professionals Relationships with over 1,000 Institutional Investors
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Our Capabilities (since 2000)

Strategic Advisory > 100 Announced M&A transactions > \$18 Billion total disclosed value	Equity / Equity-linked ~ 200 Transactions > \$50 Billion raised	Debt ^(a) > 500 Placements ~ \$250 Billion raised
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(a) Includes transactions completed by Cowen professionals while at previous firms.

Biography



*Jeff Solomon, CEO
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Jeffrey Solomon is Chief Executive Officer of Cowen and Company, a Cowen Group company, and a Director of Cowen Group. Mr. Solomon is responsible for overseeing all of Cowen and Company's businesses, including Investment Banking, Capital Markets, Sales & Trading and Research. Previously, Mr. Solomon served as Cowen Group's Chief Operating Officer and Head of Investment Banking at Cowen and Company. Mr. Solomon joined Ramius, Cowen Group's investment management division, when it was founded in 1994 and was responsible for the development, management and oversight of a number of the investment strategies employed by Ramius. From 1991 to 1994, Mr. Solomon was at Republic New York Securities Corporation, the brokerage affiliate of Republic National Bank, now part of the HSBC Group, where he was the firm's Chief Administrative Officer. Prior to Republic, Mr. Solomon was in the Mergers and Acquisitions Group at Shearson Lehman Brothers.

Currently, Mr. Solomon is a member of the Committee on Capital Markets Regulation. He is also on the Board of Directors of NuGo Nutrition, the manufacturer of NuGo Nutrition Bars.

Mr. Solomon graduated from the University of Pennsylvania in 1988 with a B.A. in Economics.



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