BROADPOINT SECURITIES GROUP, INC.
Form PRE 14C
April 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14C
(RULE 14c-101)

SCHEDULE 14C INFORMATION
INFORMATION STATEMENT PURSUANT TO SECTION 14(c) OF THE SECURITIES EXCHANGE ACT OF 1934

Check the appropriate box:

ý Preliminary Information Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
¨ Definitive Information Statement

BROADPOINT SECURITIES GROUP, INC.
(Name of Registrant As Specified in Charter)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

ý Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock, par value $0.01 per share

(2) Aggregate number of securities to which transaction applies: 23,000,000

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $3.66

(4) Proposed maximum aggregate value of transaction: $84,180,000

(5) Total fee paid: $4,697.24

¨ Fee paid previously with preliminary materials.

¨Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BROADPOINT SECURITIES GROUP, INC.
12 East 49th Street, 31st Floor
New York, New York 10117

Dear Shareholder:

On March 2, 2009, we entered into an Agreement and Plan of Merger among Broadpoint Securities Group, Inc., a New York corporation (the "Company" or "we"), Magnolia Advisory LLC (our wholly-owned subsidiary), Gleacher Partners Inc., certain stockholders of Gleacher Partners Inc., and each of the holders of interests in Gleacher Holdings LLC (the "Merger Agreement"). Pursuant to the Merger Agreement, we will acquire Gleacher Partners Inc., an internationally recognized financial advisory boutique best known for advising major companies in mergers and acquisitions, for 23,000,000 shares of common stock and $20 million in cash (of which $10 million is to be paid at the closing of the transaction and $10 million is to be paid five years after closing, subject to acceleration under certain circumstances). The number of shares of our common stock to be issued in the transaction, together with the shares currently outstanding and shares issued pursuant to outstanding warrants and employee arrangements, exceeds the number of shares currently authorized under the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"). Accordingly, if the acquisition is completed, we will amend the Certificate of Incorporation to increase the authorized number of shares of our common stock from 100,000,000 shares to 200,000,000 shares. In addition, the issuance of the common stock in the transaction requires shareholder approval under NASD Marketplace Rule 4350(i)(1)(C)(ii)(a) because we are issuing more than 20% of our currently outstanding common stock. In connection with the acquisition, we also intend to amend our Certificate of Incorporation to change the name of the Company to "Broadpoint Gleacher Securities Group, Inc." These actions were approved on March 2, 2009 by the Board of Directors of the Company and, to the extent shareholder approval was required for any action, on the same day by MatlinPatterson FA Acquisition LLC, the shareholder that holds a majority of our issued and outstanding common stock, by written consent in lieu of a special meeting in accordance with our Certificate of Incorporation and the New York Business Corporation Law.

WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

No action is required by you. The accompanying information statement is furnished only to inform our shareholders of the actions described above before they take place in accordance with Rule 14c-2 of the Securities Exchange Act of 1934. This information statement is being mailed to you on or about [l].

Please feel free to call us at (212) 273-7178 if you have any questions regarding the enclosed Information Statement. We thank you for your continued interest in Broadpoint Securities Group, Inc.

Sincerely yours,

Lee Fensterstock
Chairman of the Board and Chief Executive Officer

BROADPOINT SECURITIES GROUP, INC.
12 East 49th Street, 31st Floor
New York, New York 10117
Telephone (212) 273-7178

INFORMATION STATEMENT REGARDING
ACTION TO BE TAKEN BY WRITTEN CONSENT OF
THE MAJORITY SHAREHOLDER
IN LIEU OF A SPECIAL MEETING

WE ARE NOT ASKING YOU FOR A PROXY,
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

GENERAL

This Information Statement is being furnished to the shareholders of Broadpoint Securities Group, Inc., a New York corporation (the "Company" or "we"), in connection with (i) the adoption of an amendment to our Certificate of Incorporation and (ii) the issuance of 23,000,000 shares of our common stock (the "Stock Issuance") pursuant to the Merger Agreement, both actions having been approved by our Board of Directors and by the written consent of the holder of a majority of our issued and outstanding common stock in lieu of a special meeting.

On March 2, 2009, our Board of Directors approved an amendment to our Certificate of Incorporation (a) to change the name of the Company from "Broadpoint Securities Group, Inc.", to "Broadpoint Gleacher Securities Group, Inc." and (b) to increase the number of authorized shares of our common stock from 100,000,000 shares to 200,000,000 shares (the "Amendment"). The Amendment will become effective on the date of filing of the Certificate of Amendment with the New York Secretary of State (the "Effective Date") in accordance with the relevant sections of the New York Business Corporation Law. We expect to file the Certificate of Amendment on the date that the acquisition of Gleacher Partners Inc. is completed. The acquisition is subject to regulatory approvals and other customary conditions. We currently expect the closing will occur before June 30, 2009. Although we expect the transactions contemplated by the Merger Agreement to close, there can be no assurances at this time that such transactions will be consummated.

As of April 3, 2009, there were 81,556,246 shares of our common stock issued and outstanding, 25,057,828 shares of our common stock reserved for issuance pursuant to outstanding warrants and employment agreements and 1,000,000 of our Series B Mandatory Redeemable Preferred Stock are issued and outstanding. MatlinPatterson FA Acquisition LLC, a shareholder that owned approximately 54% of our outstanding common stock on March 2, 2009, executed a written consent on March 2, 2009 approving the Amendment and the Stock Issuance.

The approval of these actions by written consent is made possible by Section 615 of the New York Business Corporation Law, which provides that the written consent of the holders of outstanding shares of voting stock, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote

thereon were present and voted, may be substituted for such a meeting, and Article Tenth of our Amended and Restated Certificate of Incorporation.

Pursuant to Section 615 of the New York Business Corporation Law, we are required to provide notice of the taking of the corporate actions described above without a meeting of shareholders to all shareholders who did not consent in writing to such action. This Information Statement serves as this notice. This Information Statement will be mailed on or about [l] to shareholders of record, and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934.

The entire cost of furnishing this Information Statement will be borne by the Company. We will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of our voting securities held of record by them, and we will reimburse such persons for out-of-pocket expenses incurred in forwarding such material.

No Dissenter's Rights

No dissenter's rights are afforded to our shareholders under New York law as a result of the adoption of the Amendment or as a result of the Stock Issuance.

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Annex C – Annual Report on Form 10-K for the Year Ended December 31, 2008 for Broadpoint Securities Group, Inc.

SUMMARY

Amendment to Certificate of Incorporation

As of April 3, 2009, we had 81,556,246 shares of our common stock outstanding, 25,057,828 shares of our common stock reserved for issuance pursuant to outstanding warrants and employee arrangements, and 1,000,000 of our Series B Mandatory Redeemable Preferred Stock issued and outstanding. We do not have a sufficient number of shares of common stock authorized to effect the Stock Issuance pursuant to the terms of the Merger Agreement. Therefore, we intend to amend our Certificate of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 200,000,000, which will allow us to effect the Stock Issuance.

We also intend to amend our Certificate of Incorporation to change the name of the Company from "Broadpoint Securities Group, Inc." to "Broadpoint Gleacher Securities Group, Inc."

MatlinPatterson FA Acquisition LLC, a shareholder that owned approximately 54% of our outstanding common stock on March 2, 2009, executed a written consent approving the Amendment on March 2, 2009.

Stock Issuance

Our common stock is listed on the NASDAQ Stock Market under the Symbol "BPSG" and we are subject to the NASD Marketplace rules. Under NASD Marketplace Rule 4350(i)(1)(C)(ii)(a), shareholder approval is required for issuances of securities in an amount that is 20% or more of the Company's outstanding common stock before the issuance (the "NASD Rule"). The shares of common stock to be issued pursuant to the Stock Issuance constitute more than 20% of our outstanding common stock before the Stock Issuance. As a result, in order to comply with the NASD Rule, we were required to obtain shareholder approval prior to the Stock Issuance.

MatlinPatterson FA Acquisition LLC, a shareholder that owned approximately 54% of our outstanding common stock on March 2, 2009, executed a written consent approving the Stock Issuance on March 2, 2009.

Terms of the Merger Agreement

On March 2, 2009, the Company and Magnolia Advisory LLC ("Merger Sub"), a wholly-owned subsidiary of the Company that was formed to facilitate the transactions contemplated by the Merger Agreement, entered into an Agreement and Plan of Merger (the "Merger Agreement"), among the Company, Merger Sub, Gleacher Partners Inc. ("Gleacher"), certain stockholders of Gleacher (the "Signing Stockholders") and each of the holders of interests in Gleacher Holdings LLC, a Gleacher subsidiary owned 90.85% by Gleacher, other than Gleacher (the "Holders", and together with the Signing Stockholders, the "Selling Parties"). Under the terms of the Merger Agreement:

- following the consummation of the transactions contemplated by the Merger Agreement, Merger Sub (which will be the successor to Gleacher under the terms of the Merger Agreement) and Gleacher Holdings LLC will become wholly-owned subsidiaries of the Company;

- the Company will issue 23,000,000 shares of common stock of the Company to the stockholders of Gleacher and the Holders;

- the stock consideration will be subject to a five year lock-up period, subject to acceleration under certain circumstances;

- at the closing of the transactions contemplated by the Merger Agreement, the Company will pay to the stockholders of Gleacher and the Holders $10,000,000 in cash;

- the Company will pay an additional $10,000,000 in cash after five years, subject to acceleration under certain circumstances;

- the cash consideration is subject to adjustment as provided in the Merger Agreement;

- the Company will appoint Eric Gleacher as a director and Chairman of its Board of Directors;

- the Company will change its name to Broadpoint Gleacher Securities Group, Inc.;

- the Company will enter into a Registration Rights Agreement with Mr. Gleacher; and

- the Company will enter into a Trade Name and Trademark Agreement with Mr. Gleacher and certain other parties related to Mr. Gleacher.

Concurrently with the execution of the Merger Agreement, the Company and its wholly-owned subsidiary Broadpoint Capital, Inc. (“Broadpoint Capital”), entered into an employment agreement and non-competition and non-solicitation agreement with Mr. Gleacher, Chairman of Gleacher. Mr. Gleacher’s employment agreement has a duration of three years, commencing on the closing date of the Transaction (as defined below). Pursuant to his employment agreement, Mr. Gleacher will be appointed as Chairman of the Board of Directors of the Company and as a senior member of the Investment Banking Division of the Company.

Registration under Securities Act

The Stock Issuance is intended to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(2) thereof and, as such, the Company’s shares of common stock issued in the Transaction may not be offered or sold unless they are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. Subject to the transfer restrictions described above, Mr. Gleacher will have the right to have his shares registered in registration statements that we file, and the right to require us to file a shelf registration for his shares three years after the closing.

Accounting Treatment

The Transaction will be accounted for by us under the purchase method of accounting. Under the purchase method, the purchase price for Gleacher will be allocated to identifiable assets (including intangible assets) and liabilities of Gleacher with any excess being treated as goodwill. Since intangible assets are amortized over their useful lives, we will incur accounting charges from the Transaction. In addition, intangible assets and goodwill are both subject to periodic impairment tests and could result in potential write-down charges in future periods.

A final determination of required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. The pro-forma financial information included herein contains an initial estimate of this allocation and the final estimate will be made once the study to determine the fair value of certain of Gleacher's assets and liabilities is completed. For financial reporting purposes, the results of operations of Gleacher will be included in our consolidated statement of income following the time that the Transaction is effective under applicable law. Our financial statements for prior periods will not be restated as a result of the Transaction.

THE AMENDMENT

The Amendment will change the name of the Company from "Broadpoint Securities Group, Inc." to "Broadpoint Gleacher Securities Group, Inc." The Amendment will also increase the number of shares of our common stock, par value $0.01 per share, that we may issue from 100,000,000 to 200,000,000 shares. A copy of the proposed Certificate of Amendment to our Certificate of Incorporation is attached to this Information Statement as Annex B.

Effects of the Amendment

The Company's name will change from "Broadpoint Securities Group, Inc." to "Broadpoint Gleacher Securities Group, Inc."

We currently have 100,000,000 shares of common stock, par value $0.01 per share, authorized for issuance, of which 81,556,246 shares were issued and outstanding and 25,057,828 shares reserved for issuance pursuant to outstanding warrants and employee arrangements, as of April 3, 2009. After amending our Certificate of Incorporation, we will have 200,000,000 shares of common stock authorized for issuance.

The increase in the number of authorized shares of our common stock does not affect the number of shares of stock presently outstanding, nor does it affect the number of shares that you own. However, our issuance of additional shares in the Transaction will dilute your percentage ownership of the Company, and any issuance of additional shares subsequent to the consummation of the transactions contemplated by the Merger Agreement may further dilute your percentage ownership of the Company. We do not intend to solicit authorization from our shareholders for the future issuance of the newly authorized shares unless we are required to obtain such authorization by law or by the rules of any securities exchange on which our shares are listed.

MatlinPatterson FA Acquisition LLC, a shareholder that owned approximately 54% of our outstanding common stock on March 2, 2009, executed a written consent approving the Amendment on March 2, 2009. The Amendment will become effective at the time of the closing of the transactions contemplated by the Merger Agreement. However, we do not intend to file the Certificate of Amendment that effects the Amendment if the transactions contemplated by the Merger Agreement are not consummated. Although we expect the transactions contemplated by the Merger Agreement to be consummated, there can be no assurances at this time that the transactions contemplated by the Merger Agreement will be consummated.

THE STOCK ISSUANCE

The Stock Issuance is being effected in connection with, and as part of the consideration for, the transactions contemplated by the Merger Agreement. The Stock Issuance was agreed upon between the Company and the Selling Parties in connection with the negotiation of the Merger Agreement. Following the Stock Issuance, holders of our outstanding common stock prior to the Stock Issuance will own approximately 78.0% of our outstanding common stock (assuming we do not issue additional shares before the Stock Issuance).

Our common stock is listed on the NASDAQ Stock Market under the symbol "BPSG" and we are subject to the NASD Marketplace rules. Under the NASD Rule, shareholder approval is required for issuances of securities in an amount that is 20% or more of the Company's outstanding common stock before the issuance. The shares of common stock to be issued pursuant to the Stock Issuance constitute more than 20% of our outstanding common stock before the Stock Issuance. As a result, in order to comply with the NASD Rule, we were required to obtain shareholder approval prior to the Stock Issuance.

MatlinPatterson FA Acquisition LLC, a shareholder that owned approximately 54% of our outstanding common stock on March 2, 2009, executed a written consent approving the Stock Issuance on March 2, 2009.

The Stock Issuance is intended to be exempt from registration under the Securities Act, pursuant to Section 4(2) thereof. As such, the Company's shares of common stock issued in the Transaction may not be offered or sold unless they are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. No registration statement covering these securities has been filed with the United States Securities and Exchange Commission or with any state securities commission in respect of the Transaction. However, at the closing of the Transaction we will be entering into a registration rights agreement with Mr. Gleacher which will allow Mr. Gleacher to register for public resale the shares issued to him in the Transaction.

THE MERGER AGREEMENT AND RELATED AGREEMENTS

The Merger Agreement

The following is a summary of certain material provisions of the Merger Agreement, a copy of which is attached to this Information Statement as Annex A, and which is incorporated by reference into this Information Statement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. The Company encourages you to carefully read the Merger Agreement in its entirety, as the rights and obligations of the parties are governed by the express terms of the Merger Agreement and not by this summary or any other information contained in this Information Statement.

The Parties

The parties to the Merger Agreement are the Company, Merger Sub, Gleacher, the Signing Stockholders and the Holders.

The Transaction

The Transaction is comprised of: (i) the acquisition by Merger Sub of all the membership interests in Gleacher Holdings LLC not owned by Gleacher (the "Interests Purchase") and (ii) (a) the merger of Augusta Advisory Inc. ("Merger Corp"), a wholly-owned subsidiary of the Company that was formed to facilitate the transactions contemplated by the Merger Agreement, with and into Gleacher, with Gleacher continuing as the surviving company, and (b) promptly thereafter, the merger of Gleacher with and into Merger Sub, with Merger Sub continuing as the surviving company (clauses (ii) (a) and (ii) (b), collectively, the "Merger", and together with the Interests Purchase, the "Transaction").

Gleacher's financial advisory business is carried out by Gleacher Partners LLC, which is a registered broker-dealer. Gleacher Partners LLC is a wholly owned subsidiary of Gleacher Holdings LLC. Gleacher Holdings LLC is owned 90.85% by Gleacher, with the remaining 9.15% owned by the Holders. The following diagram illustrates the Gleacher ownership structure before giving effect to the Transaction:

The Merger is intended to be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), in which Gleacher is treated as merging directly with and into the Company. Immediately prior to the Merger, Merger Sub will acquire the 9.15% of membership interests of Gleacher Holdings LLC that are not owned by Gleacher. At the effective time of the Merger, Merger Corp will merge with and into Gleacher, with Gleacher continuing as the surviving company and the separate existence of Merger Corp ceasing, and promptly thereafter, Gleacher will merge with and into Merger Sub, with Merger Sub as the surviving company and the separate existence of Gleacher ceasing. Accordingly, after giving effect to the Transaction, Gleacher Holdings LLC will be a wholly-owned subsidiary of Merger Sub, and an indirect wholly-owned subsidiary of the Company. The following diagram illustrates the Gleacher ownership structure after giving effect to the Transaction:

The Interests Purchase Consideration and the Merger Consideration

As consideration for the shares held by the stockholders of Gleacher and the interests held by the Holders, the Company will:

- issue 23,000,000 shares of common stock of the Company to the stockholders of Gleacher and the Holders, subject to a five-year lock up period which may be accelerated in certain circumstances described below, and an escrow arrangement with respect to 2,300,000 shares also described below;

- the Company will pay $10,000,000 in cash at the closing to the stockholders of Gleacher and the Holders; and

- the Company will pay an additional $10,000,000 after five years, subject to acceleration in certain circumstances described below and subject to adjustment as provided in the Merger Agreement.

Generally, the transfer restrictions with respect to the stock consideration will lapse and the second payment of $10,000,000 will be accelerated in the following circumstances:

- If the Selling Party receiving stock consideration is employed by the Company (or its subsidiaries) on each of the first, second and third anniversaries of the closing of the Transaction, then one-third of such stock consideration will no longer be subject to the transfer restrictions on each such anniversary.

- If the Selling Party receiving a part of the second payment of $10,000,000 in cash is employed by the Company (or its subsidiaries) eighteen months and thirty-six months following the closing of the Transaction, then one-half of such cash payment will be made on each such date by the Company.

In addition, the transfer restrictions will lapse and the cash payments will be accelerated as described in this paragraph if an employee is terminated without cause or resigns for good reason. With respect to approximately 4.3% of the total consideration, the transfer restrictions will lapse and the cash payments will be accelerated as described in this paragraph without regard to any circumstances.

The Purchase Price Adjustment

The Merger Agreement provides for a purchase price adjustment to the extent of any net tangible book value. If the net tangible book value of Gleacher is less than zero, each of the Selling Parties will pay such Selling Party's proportionate share of the amount of such shortfall in cash to the Company. If the net tangible book value of Gleacher is greater than zero, the Company will pay such excess in cash to the former holders of shares of Gleacher and interests in Gleacher Holdings LLC.

The Closing

The closing will occur on the third business day after the day on which the last of the conditions to the Transaction set forth in the Merger Agreement is satisfied or waived or on such other date as the parties to the Merger Agreement may agree in writing. The date on which the closing occurs is referred to as the Closing Date.

Representations and Warranties

The representations and warranties of each party set forth in the Merger Agreement have been made solely for the benefit of the other parties to the Merger Agreement. In addition, such representations and warranties (a) have been qualified by confidential disclosures made to the other party in connection with the Merger Agreement, (b) are subject to a materiality standard contained in the Merger Agreement that may differ from what may be viewed as material by investors, (c) were made only as of the date of the Merger Agreement or such other date as is specified in the Merger Agreement, and (d) may have been included in the Merger Agreement for the purpose of allocating risk among the parties rather than establishing matters as facts. Accordingly, the Merger Agreement is included with this filing only to provide investors with information regarding the terms of the Merger Agreement, and not to provide investors with any other factual information regarding the parties or their respective businesses. The Merger Agreement should not be read alone, but should instead be read in conjunction with the other information regarding the companies and the Transaction that is contained in, or incorporated by reference into, this Information Statement, as well as in the Forms 10-K, Forms 10-Q and other filings that the Company may make with the Securities and Exchange Commission.

Gleacher's representations and warranties relate to, among other things:

- due organization, valid existence and good standing and power and authority to carry on its business;
- corporate authority to enter into the Merger Agreement and to consummate the Transaction;
- the enforceability of the Merger Agreement;
- the consents and approvals required in connection with the Transaction;
- compliance with laws and permits;
- capitalization;
- subsidiaries;
- corporate books and records;
- the absence of litigation;

- the absence of conflicts with organizational documents, laws, orders and company material contracts as a result of consummation of the Transaction;

- the ownership or possession of assets necessary to carry on the business of Gleacher;

- compliance of financial statements with generally accepted accounting principles ("GAAP");

- accounting and disclosure controls;

- bank accounts;

- debt;

- the absence of certain changes with respect to Gleacher since December 31, 2008, including the absence of a "Material Adverse Effect" on Gleacher (in the Merger Agreement, the term "Material Adverse Effect" is defined, with respect to the Company and Gleacher, as a "material adverse effect on (i) the financial condition, results of operations or business of such party and its Subsidiaries, taken as a whole, or (ii) the timely consummation of the Transactions, other than, in the case of clause (i), any change, effect, event, circumstance, occurrence or state of facts relating to (A) the U.S. or global economy or the financial, debt, credit or securities markets in general, including changes in interest or exchange rates, (B) the industry in which such party and its Subsidiaries operate in general, (C) acts of war, outbreak of hostilities, sabotage or terrorist attacks, or the escalation or worsening of any such acts of war, sabotage or terrorism, (D) the announcement of [the Merger Agreement] or the Transactions, including the impact thereof on relationships, contractual or otherwise with customers, suppliers, lenders, investors, partners or employees, (E) changes in applicable laws or regulations after the date [of the Merger Agreement], (F) changes or proposed changes in GAAP or regulatory accounting principles after the date [of the Merger Agreement], (G) earthquakes, hurricanes or other natural disasters, (H) in the case of [the Company], declines in the trading prices of [Company] Common Stock, in and of itself, but not including the underlying causes thereof, or (I) those resulting from actions or omissions of such party or any of its Subsidiaries which the other party has requested in writing that are not otherwise required by [the Merger Agreement] (except, in the cases of (A), (B), (C), (E), (F) and (G), to the extent such party and its Subsidiaries are disproportionately adversely affected relative to other companies in its industry)");

- transactions with affiliates;

- material contracts;

- labor relations, employment matters and employee benefit plans;

- the disclosure and maintenance of insurance policies;

- the absence of certain unlawful business practices;

- leasehold interests in real property;
- environmental matters;
- tax matters;
- ownership and maintenance of intellectual property;
- information technology and security matters;
- the applicability of state anti-takeover statutes;
- the use of brokers or finders;
- regulatory matters;
- significant clients;
- the absence of undisclosed liabilities;
- the absence of investment advisory activities; and
- the accuracy of information supplied for inclusion in this Information Statement.

The representations and warranties of each of the Selling Parties relate to, among other things:

- ownership of Gleacher shares or interests in Gleacher Holdings LLC;
- the acquisition of Company shares for investment purposes and not with a view to distribution in violation of law;
- authority to enter into the Merger Agreement and to consummate the Transaction;
- the enforceability of the Merger Agreement;
- the required consents and approvals of governmental entities and other authorities in connection with the Transaction;
- the absence of litigation regarding such Selling Party's ownership of the Gleacher shares or interests in Gleacher Holdings LLC;
- agreements that would interfere with the completion of the Transaction or employment by the Company (or any of its subsidiaries);
- affiliation with other Selling Parties;
- the treatment of the confidential nature of the Transaction prior to the announcement of the Transaction;

- absence of "short sales" of the Company's common stock;
- transfers of claims against Gleacher; and
- the accuracy of information supplied to the other party for inclusion in this Information Statement.

The Company's representations and warranties relate to, among other things:

- due organization, valid existence and good standing and the power and authority to carry on its business;
- corporate authority to enter into the Merger Agreement;
- the enforceability of the Merger Agreement;
- the consents and approvals of governmental entities and other authorities in connection with the Transaction;
- the absence of litigation that would have a material adverse effect on the Company;
- the availability of sufficient cash to fund the Transaction;
- the due authorization and valid issuance of the shares of our common stock issued pursuant to the Stock Issuance;
- timely filing of all required SEC reports since January 1, 2006;
- compliance with regulatory matters;
- compliance of financial statements with GAAP and with the rules and regulations of the SEC;
- accounting and disclosure controls;
- capitalization;
- compliance with laws and material permits;
- the absence of certain changes with respect to the Company since December 31, 2008, including the absence of a "Material Adverse Effect" on the Company (as defined above);
- tax matters;
- compliance with the NASDAQ Stock Market listing requirements;
- the use of brokers or finders; and

- the accuracy of information supplied for inclusion in this Information Statement.

Covenants

The parties have agreed that each will use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate and make effective the Transaction as promptly as practicable.

The Merger Agreement also contains additional agreements among the parties relating to, among other things:

- the conduct of Gleacher's business in the ordinary course during the period following the execution of the Merger Agreement through the closing of the Transaction;
- each party's access to information;
- status of matters relating to the completion of the Transaction and notices of any material changes in the condition, financial or otherwise, of Gleacher, any material failure to comply with Gleacher's obligations under the Merger Agreement or any litigation to challenge the Transaction;
- the filing with FINRA of the applicable notices and applications necessary to consummate the Transaction;
- the filings necessary to consummate the Transaction under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act");
- the preparation and filing of this Information Statement with the SEC and responding to any comments received from the SEC on such document;
- the confidential treatment by the Selling Parties of certain information regarding Gleacher and its subsidiaries;
- tax matters;
- employee benefits matters;
- non-solicitation of alternative proposals regarding the acquisition of Gleacher by a third party;
- transfer restrictions on the shares of Company common stock to be issued in the Transaction (such transfer restrictions remaining in effect for five years after closing, subject to acceleration under certain circumstances described above);
- compliance with applicable securities laws;
- prohibition of actions that would make it impossible to satisfy the conditions to closing in the Merger Agreement;

- consultation with Mr. Gleacher with respect to actions by the Company outside of the ordinary course;

- limits on the ability of the Selling Parties to acquire additional common stock of the Company or to influence the management of the Company, subject to certain exceptions, for two years after the closing; and

- the termination of certain agreements entered into by Gleacher or the Selling Parties.

Appointment of Eric Gleacher to the Company Board as Chairman of the Board

The Company has agreed to appoint Mr. Gleacher to its Board of Directors and designate him Chairman of the Board of Directors, effective at the time of the closing of the Transaction. In connection therewith, the Company agreed to appoint Mr. Gleacher to the class of directors with a term expiring in 2011 (Class I), and also agreed that the Board of Directors of the Company would not take any action to remove Mr. Gleacher as a director for so long as he is employed under the employment agreement (described in further detail below) entered into with the Company on March 2, 2009 (which will become effective at the closing of the Transaction).

Although the Merger Agreement provides that Mr. Gleacher will be appointed to Class I, the parties have agreed that Mr. Gleacher will be nominated instead for election at the Company's 2009 annual meeting of shareholders as a Class II director, with a term expiring in 2012. MatlinPatterson FA Acquisition LLC, our controlling shareholder, has indicated that it intends to vote all shares of the Company that it owns in favor or Mr. Gleacher's election to the Board of Directors at the Company's 2009 annual meeting of shareholders. Mr. Gleacher will be designated Chairman of the Board of Directors promptly after the later to occur of (1) his election to the Board of Directors and (2) the closing of the Transaction.

Conditions to Closing

The Merger Agreement contains a number of conditions to closing.

The conditions to each party's obligation to close are subject to the following conditions:

- either

- written approval from FINRA is obtained, or

- (A) 30 calendar days have elapsed after the filing of the FINRA Notice by Gleacher and, if applicable, the FINRA Notice by the Company; (B) the Selling Parties or the Company have notified FINRA that the parties hereto intend to consummate the Transaction without written approval from FINRA as contemplated by clause (A) above; (C) 15 calendar days have elapsed following such notice; and (D) FINRA has not indicated in writing that it is considering imposing Material Restrictions on the Company following the closing of the Transaction. Pursuant to the Merger Agreement, the term "Material Restrictions" is defined as "any condition or restriction imposed in connection with the [Gleacher] FINRA Notice and, if applicable, the Broadpoint Capital FINRA

Notice, that could reasonably be expected to have a material adverse effect (measured on a scale relative to [Gleacher] and its subsidiaries taken as a whole) on [the Company] or any of its Subsidiaries (including the Surviving Company and its Subsidiaries)";

- no governmental entity has instituted any laws or orders that prohibit the consummation of the Transaction and any waiting period applicable to the consummation of the Transaction under the HSR Act has expired or been terminated; and

- at least 20 days shall have elapsed from the mailing of this Information Statement.

The Company's obligation to close is subject to the following additional conditions:

- the representations and warranties of Gleacher and each of the Selling Parties in the Merger Agreement must be true and correct in all respects, without regard to any "materiality" qualifiers contained in them, as of the date of the Merger Agreement and as of the closing date of the Transaction, as though they were made on and as of such time (except to the extent that any such representation and warranty relates to a specified date, in which case as of such specified date), unless the failure of any such representations or warranties to be true and correct would not have a Material Adverse Effect on Gleacher. (Certain representations, such as due authorization, title to the shares of Gleacher and capitalization of Gleacher, must be true in all material respects.);

- each of the Selling Parties must have performed, in all material respects, its obligations under the Merger Agreement at or prior to the closing date;

- the Company has received the closing documents required under the Merger Agreement;

- Gleacher has repaid in full any and all debt of Gleacher and its subsidiaries; and

- (i) each of the employment and non-competition agreements with Messrs. Gleacher, Tepper and Ryan must be in full force and effect and enforceable against each of them; (ii) no less than 75% of the non-competition agreements with certain other Gleacher professionals must be in full force and effect and enforceable against each such person; and (iii) each of Messrs. Gleacher, Tepper and Ryan, and 75% of the professionals party to the non-competition agreements, must be available and eligible to work immediately following the closing.

Gleacher's and the Selling Parties' obligation to close is subject to the following additional conditions:

- the representations and warranties of the Company in the Merger Agreement must be true and correct in all respects, without regard to any "materiality" qualifiers contained in them, as of the date of the Merger Agreement and as of the closing date of the Transaction, as though they were made on and as of such time (except to the

extent that any such representation and warranty relates to a specified date, in which case as of such specified date), unless the failure of any such representations or warranties to be true and correct would not have a Material Adverse Effect on the Company (certain representations, such as due authorization and capitalization of Gleacher, must be true in all material respects);

- the Company must have performed, in all material respects, its obligations under the Merger Agreement at or prior to the closing date;

- the Selling Parties have received the closing documents required under the Merger Agreement; and

- Gleacher has received an opinion from its counsel to the effect that the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

Termination and Amendment

The Merger Agreement may be terminated at any time prior to the closing of the Transaction under the following circumstances:

- by the mutual written consent of Gleacher and us at any time prior to completing the Transaction;

- by either Gleacher or us:

- if any injunction, order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the Transaction shall become final and nonappealable (provided that the parties shall use their reasonable best efforts to remove such order);

- if the Transaction is not completed by September 30, 2009 (unless the failure to close by such date was proximately caused by the party seeking to terminate); and

- if the other party has defaulted or breached any of its covenants or agreements contained in the Merger Agreement, or if the representations or warranties of such party contained in the Merger Agreement shall have become inaccurate such that the conditions to closing could not be satisfied (provided that such breach, default or inaccuracy is not curable or, if curable, has not been cured or waived within 30 calendar days after written notice to the other party specifying such claimed default, breach or inaccuracy and demanding its cure or satisfaction).

The Merger Agreement may be amended only by a written agreement signed by the party against whom the enforcement of such amendment is sought.

Indemnification

The Selling Parties have agreed to indemnify, defend and hold harmless us, Merger Sub, and any parent, subsidiary, associate, affiliate, director, officer, shareholder or agent thereof, and

their respective representatives, successors and permitted assigns from, against and in respect of any and all losses such parties may suffer, sustain or become subject to, to the extent relating to:

- any misrepresentation or breach of warranty made by Gleacher or any Selling Party in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;

- any breach or nonfulfillment of any covenant or agreement made or to be performed by Gleacher or any Selling Party in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;

- any fees or expenses incurred by Gleacher or any Selling Party in connection with the Merger Agreement;

- pre-closing tax liabilities of Gleacher, if any;

- any liabilities or obligations of any nature (other than with respect to the lease for the principal offices of Gleacher) of Gleacher Partners Inc. and Gleacher Holdings LLC (but not Gleacher Partners LLC);

- any liabilities or obligations of any nature of Gleacher Partners LLC not relating to its investment banking advisory business;

- any liabilities or obligations of any nature of a number entities that operate under the “Gleacher” name but that are not being acquired by the Company; and

- any demand for appraisal rights under Section 262 of the DGCL or any other proceeding by, or any other liability or obligation in favor of or otherwise relating to, any stockholder of Gleacher that did not sign the Merger Agreement arising in respect of such stockholder’s ownership interest in Gleacher.

We have agreed to indemnify, defend and hold harmless each of the Selling Parties, and any parent, subsidiary, associate, affiliate, director, officer, shareholder or agent thereof, and their respective representatives, successors and permitted assigns from, against and in respect of any and all losses such parties may suffer, sustain or become subject to, to the extent relating to:

- any misrepresentation or breach of warranty made by the Company in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;

- any breach or nonfulfillment of any covenant or agreement made or to be performed by the Company in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction; and

- any fess or expenses incurred by the Company in connection with the Merger Agreement.

Neither party will be liable or be obligated to make any payment in respect of losses suffered by any indemnified party for a misrepresentation or breach of a representation or warranty by a party, until the aggregate of all losses suffered by such indemnified party under the Merger Agreement, the registration rights agreement, the trade name and trademark agreement or the escrow agreement exceeds $500,000 (the "Deductible"), in which case such indemnified party shall be entitled to recover the amount of losses only in excess thereof. Except in the circumstances described below, the aggregate indemnity amount payable by any indemnifying party cannot exceed $15.0 million.

Claims for indemnification arising from the following matters are not subject to the Deductible and are subject to an aggregate cap of $75.0 million instead of $15.0 million: (i) fraud, intentional misconduct or intentional misrepresentation, (ii) any breach of any of the covenants or agreements contained in the Merger Agreement, (iii) any breach of any of the Fundamental Representations and Warranties (as defined below), (iv) any fees, expenses or other payments incurred or owed in connection with the Transaction, (v) any tax liabilities, (vi) any liabilities or obligations of any nature of Gleacher and Gleacher Holdings LLC, (vii) any liabilities or obligations of any nature of Gleacher Partners LLC not relating to its investment banking advisory business, (viii) any liabilities or obligations of any nature of a number of entities that operate under the "Gleacher" name but that are not being acquired by the Company, or (ix) any demand for appraisal rights under Section 262 of the DGCL or any other proceeding by, or any other liability or obligation in favor of or otherwise relating to, any stockholder of Gleacher that did not sign the Merger Agreement arising in respect of such stockholder's ownership interest in Gleacher. Each Selling Party's liability is capped at such Selling Party's pro rata share (based on such Selling Party's consolidated ownership percentage in Gleacher and Gleacher Holdings LLC) of $75.0 million.

Most of the representations and warranties contained in the Merger Agreement will survive for a period of 18 months following the closing of the Transaction. The following representations and warranties (the "Fundamental Representations and Warranties") will survive until 60 days after the expiration of the applicable statute of limitations: the representations made by the Selling Parties regarding the due authorization and effect of the Merger Agreement, the capitalization of Gleacher, its subsidiaries, transactions with affiliates, certain representations regarding employees, certain representations regarding taxes, the use of brokers or finders and the ownership of Gleacher shares (and interests in Gleacher Holdings LLC), as well as the representations made by the Company regarding the due authorization and effect of the Merger Agreement, the capitalization of the Company and the use of brokers or finders.

At closing, 2,300,000 of the shares to be issued pursuant to the Stock Issuance will be deposited and held in an escrow fund for 18 months to satisfy any indemnification obligations of the Selling Parties arising under the Merger Agreement. The Company may seek payment of any indemnification obligations owed to it under the Merger Agreement from the escrow fund. The Company is also entitled to withhold any amounts due and payable by it to a Selling Party with respect to any outstanding indemnification claim against such Selling Party until the claim is finally resolved.

The MatlinPatterson FA Acquisition LLC Consent

In connection with the Transaction, the Company's majority shareholder, MatlinPatterson FA Acquisition LLC ("MatlinPatterson"), executed a written consent (the "MP Consent") concurrent with the execution of the Merger Agreement. In the MP Consent, MatlinPatterson approved two amendments, to become effective at the time of the closing of the Transaction, to the Amended and Restated Certificate of Incorporation of the Company. The amendments will (1) increase the number of authorized shares of Company Common Stock to 200,000,000 and (2) change the name of the Company to Broadpoint Gleacher Securities Group, Inc. In the MP Consent, MatlinPatterson also approved the Stock Issuance for purposes of the NASD Rule.

Employment Arrangements with Eric Gleacher

Concurrently with the execution of the Merger Agreement, the Company agreed to appoint Mr. Gleacher as Chairman of the Board and as a senior member of the Investment Banking Division of Broadpoint Capital. In connection with such appointment, the Company, Broadpoint Capital, Gleacher Partners LLC ("Gleacher Partners") and Mr. Gleacher entered into an employment agreement, to become effective as of the closing of the Transaction (the "Gleacher Employment Agreement"). During the period beginning on the date of the closing of the Transaction and ending as of the date on which the Company determines that Mr. Gleacher's employment should be transferred to Broadpoint Capital, Mr. Gleacher also will continue to serve as the Chief Executive Officer of Gleacher Partners. The Company will use its reasonable best efforts to combine Broadpoint Capital and Gleacher Partners, or to transfer the employment of all employees of Gleacher Partners to Broadpoint Capital, by December 31, 2009.

The Gleacher Employment Agreement provides that Mr. Gleacher will be employed (initially by Gleacher Partners and then by Broadpoint Capital following the transfer of his employment) for a three-year term commencing on the closing date of the Transaction, automatically extended for one additional year upon the third anniversary of the effective date without any affirmative action, unless either party to the agreement provides at least six (6) months' advance written notice to the other party that the employment period will not be extended. Mr. Gleacher will be entitled to receive an annual base salary of $350,000 and to participate in the Company's Investment Banking Division's annual investment banking bonus pool. Mr. Gleacher's bonus for the fiscal year that begins prior to the effective date of the Gleacher Employment Agreement will be pro-rated to correspond to the portion of such fiscal year that follows the effective date.

The Gleacher Employment Agreement provides that upon termination of employment, Mr. Gleacher will be entitled to certain payments or benefits, the amount of which depends upon the circumstances of termination:

- If Mr. Gleacher terminates employment without "Good Reason" (as defined in the Gleacher Employment Agreement), he will be entitled to any unpaid base salary and unpaid benefits and any earned but unpaid bonus and continued vesting or forfeiture in accordance with the schedules provided in the award agreements of any equity compensation awards granted to him prior to termination.

- In the event of his termination by the Company "Without Cause" (as defined in the Gleacher Employment Agreement) he will receive his base salary for twelve months following termination; a prorated bonus for the fiscal year in which the twelve-month base salary continuation period ends; continuation health coverage paid by the Company for twelve months following termination; any earned but unpaid bonus; and, if he executes a settlement and release agreement, continued vesting in accordance with the schedules provided in the award agreements of any equity compensation awards granted to him prior to termination.

- If Mr. Gleacher terminates employment for "Good Reason" (as defined in the Gleacher Employment Agreement) or if his employment is terminated following (and due to) the expiration of the Gleacher Employment Agreement, he will be entitled to any unpaid base salary and unpaid benefits; any earned but unpaid bonus; a pro-rated bonus for the year in which termination occurs; and continued vesting or forfeiture in accordance with the schedules provided in the award agreements of any equity compensation awards granted to him prior to termination.

- If Mr. Gleacher is terminated by the Company for "Cause" (as defined in the Gleacher Employment Agreement), he will be entitled to any unpaid base salary and unpaid benefits and any earned but unpaid bonus.

Following the termination of Mr. Gleacher's employment for any reason, he must resign any and all officerships and directorships he then holds with the Company, Broadpoint Capital and any of their affiliates. The Gleacher Employment Agreement provides that, in the event that Mr. Gleacher becomes subject to the excise tax under Section 4999 of the Code, he will be entitled to an additional payment such that he will be placed in the same after-tax position as if no such excise tax had been imposed.

In connection with the Gleacher Employment Agreement, the Company and Mr. Gleacher entered into a Non-Competition and Non-Solicitation Agreement (the "Gleacher Non-Competition and Non-Solicitation Agreement"). The Gleacher Non-Competition and Non-Solicitation Agreement contains provisions regarding confidentiality, non-solicitation and other restrictive covenants.

The Registration Rights Agreement

Upon the closing of the Transaction we will enter into a registration rights agreement with Mr. Gleacher. The registration rights agreement will, subject to limited exceptions, entitle Mr. Gleacher to have his shares included in any registration statement filed by us in connection with a public offering solely for cash, a right often referred to as a "piggyback registration right". Mr. Gleacher will also have the right to require us to prepare and file a shelf registration statement to permit the sale to the public from time to time of the shares of our common stock that Mr. Gleacher receives on the closing of the Transaction. However, we will not be required to file the shelf registration statement until the third anniversary of the closing of the Transaction. The Company has agreed to pay all expenses in connection with any registration effected pursuant to the registration rights agreement. This agreement may be amended with the written

consent of the Company and of the holders representing a majority of our common stock that is registrable pursuant to the agreement.

The Trade Name and Trademark Agreement

Upon the closing of the Transaction we will enter into a trade name and trademark agreement with Mr. Gleacher and a number of entities that operate under the "Gleacher" name but that are not being acquired by the Company. The acquisition of Gleacher includes rights in the "Gleacher" name and mark. Under the trade name and trademark agreement, Merger Sub (or one of its affiliates) will own the rights to the "Gleacher" name and mark, including "Gleacher Broadpoint", in the investment banking business. Merger Sub's rights include the right to expand the use of the "Gleacher" name and mark to the broader financial services field other than the Gleacher fund management business not acquired in the Transaction, and to register "Gleacher" marks for products and services in the Financial Services Field.

RISKS RELATED TO THE TRANSACTION

In addition to the risk factors detailed in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on March 26, 2009, a copy of which is attached to this Information Statement as Annex C, and which is incorporated by reference into this Information Statement, below please find several risk factors which relate to the Transaction. You should consider the following factors in conjunction with the other information included or incorporated by reference in this Information Statement. You should carefully consider all of the risks described in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on March 26, 2009, the risks described below and the other information contained in this Information Statement. If any of the risks described in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on March 26, 2009 or described in this Information Statement actually occur, our business, financial condition and results of operations could be materially adversely affected.

The fact that the Transaction is pending could harm our business, revenue and results of operations.

While the Transaction is pending, it creates uncertainty about our future. As a result of this uncertainty, customers may decide to defer or avoid doing business with us pending completion of the Transaction or termination of the Merger Agreement. If these decisions represent a significant portion of our anticipated revenue, our results of operations and quarterly revenues could be substantially below the expectations of our investors.

In addition, while the Transaction is pending, we are subject to a number of risks that may harm our business, revenue and results of operations, including:

- the diversion of management and employee attention and the disruption to our relationships with customers and vendors may detract from our ability to grow revenues and minimize costs;
- we have and will continue to incur significant expenses related to the Transaction prior to its closing; and
- we may be unable to respond effectively to competitive pressures, industry developments and future opportunities.

The proposed Transaction may not be completed or may be delayed if the conditions to closing are not satisfied or waived in a timely manner or ever.

The Transaction may not be completed or may be delayed because the conditions to closing may not be satisfied or waived. Conditions which must be satisfied or waived prior to the closing include regulatory approvals and other customary closing conditions. If the Transaction is not completed, we will not recoup the costs incurred in connection with negotiating the proposed Transaction, our relationships with our customers and employees may be damaged and our business may be seriously harmed.

If the proposed Transaction is not completed our stock price could decline.

If the Transaction is not completed, the market price of our common stock may decline. In addition, our stock price may decline as a result of the fact that we have incurred and will continue to incur significant expenses related to the Transaction prior to its closing that will not be recovered if the Transaction is not completed.

We expect to incur significant costs and expenses in connection with the Transaction, which could result in our not realizing some or all of the anticipated benefits of the Transaction.

We expect to incur significant one-time, pre-tax closing costs in connection with the Transaction. These costs include legal and accounting fees, printing expenses and other related charges incurred and expected to be incurred. We expect to incur one-time cash and non-cash costs related to the integration of Gleacher, which cannot be estimated at this time. There can be no assurance that the costs incurred by us in connection with the Transaction will not be higher than expected or that the post-Transaction company will not incur additional unanticipated costs and expenses in connection with the Transaction.

Our shareholders will suffer immediate dilution.

Because we are issuing 23,000,000 shares of our common stock as consideration in the Transaction, our shareholders will suffer immediate dilution. Following the Stock Issuance, holders of our outstanding common stock prior to the Stock Issuance will own approximately 78.0% of our outstanding common stock after the Stock Issuance (assuming we do not issue additional shares before the Stock Issuance).

SPECIAL FACTORS

Reasons for Engaging in the Transaction

The Company's mission is to be an industry leading full-service investment bank providing value-added, unconflicted advice and execution to corporations and institutional investors. In an effort to fulfill this mission the Company has and continues to seek to expand upon its existing business through the acquisition of complementary assets or companies in existing or new product and service areas that meet the needs of its clients. As part of this strategy the Company identified investment banking as a key area for growth and specifically mergers and acquisitions advisory as a key service area within investment banking that its target clients require. The Company therefore sought to identify firms that could provide such advisory services for the Company.

The Company was interested in Gleacher for the following reasons:

- the acquisition of Gleacher was and is consistent with the Company's mission to be a full service investment bank;
- the Gleacher brand is internationally recognized providing benefits to the firm in winning new business and recruiting high quality professionals;
- Gleacher has a long history of providing independent mergers and acquisitions advice to major corporations;
- Gleacher fit the Company's criteria in terms of historical financial performance and size as measured by revenues, profits and productivity per person;
- Gleacher's client relationships and capabilities have the potential to be synergistic with the Company's client relationships and capabilities; and
- the deal structure aligns the interests of both parties in terms of creating value for our shareholders.

Interests of Certain Persons in the Transaction

To our knowledge, no shareholder of the Company is currently a stockholder of Gleacher.

General Changes Resulting From the Transaction

We intend to carry on the business of Gleacher as part of our Investment Banking Division. We intend to change our name from "Broadpoint Securities Group, Inc." to "Broadpoint Gleacher Securities Group, Inc."

Because MatlinPatterson controls more than 50% of the voting power of our common stock, we are a "controlled company" within the meaning of the Nasdaq Marketplace Rules. Under the Nasdaq Marketplace Rules, a controlled company is a company of which more than

50% of the voting power is held by an individual, a group or another company. Under such rules, a controlled company may elect not to comply with certain Nasdaq corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended by a majority of the independent directors or by a nominating committee composed solely of independent directors. Because the Company is a controlled company, we have chosen to rely on this exemption to these Nasdaq corporate governance requirements.

Following the consummation of the Transaction, we expect that MatlinPatterson will own less than 50% of the voting power of our common stock, and therefore we will no longer be a "controlled company" within the meaning of the Nasdaq Marketplace Rules. Therefore, in order to comply with applicable Nasdaq Marketplace Rules, the Company expects to take the following actions:

- Immediately following closing of the Transaction, one independent director will be appointed to each of the Executive Compensation Committee and the Directors and Corporate Governance Committee;

- Within 90 days following closing of the Transaction, each such committee will be composed of a majority of independent directors;

- One year after the closing of the Transaction, each such committee will be composed entirely of independent directors; and

    - One year after closing, the majority of our Board of Directors will be composed of independent directors.

Following the consummation of the Transaction, the Company will also comply (subject to the applicable phase-in period) with the Nasdaq Marketplace Rules requiring that (1) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (2) director nominees be selected or recommended by a majority of the independent directors or by a nominating committee composed solely of independent directors.

Regulatory Approvals

The Merger Agreement provides that the parties must comply with their obligations under the HSR Act, which provides that the Transaction cannot be consummated until the parties submit premerger notification and report forms (and required supplemental documentation) to the United States Department of Justice ("DOJ") and the Federal Trade Commission ("FTC"), and wait the required waiting period before consummating the Transaction. On March 12, 2009, the parties submitted their premerger notifications to the DOJ and FTC. On March 20, 2009, the FTC notified the Company that the waiting period has been terminated and that, pursuant to the HSR Act, the parties are free to consummate the Transaction.

In connection with the Company's acquisition of Gleacher and its broker-dealer subsidiary Gleacher Partners LLC, Gleacher is required to file a change of control notice and continuing membership application pursuant to NASD Rule 1017 (a "Rule 1017 Notice"). Gleacher filed the Rule 1017 Notice with FINRA on March 6, 2009. On April 3, 2009, FINRA requested additional information in connection with its consideration of the Rule 1017 Notice, and Gleacher is currently in the process of responding to the request. Pursuant to NASD Rule 1017(c), the Company is permitted to close the Transaction 30 calendar days after the filing of the Rule 1017 Notice by Gleacher, although if the parties close the Transaction in the absence of written approval from FINRA, FINRA may impose restrictions on the operations of the Company.

No other regulatory approvals are required in connection with the Transaction.

Accounting Treatment

The Transaction will be accounted for by us under the purchase method of accounting. Under the purchase method, the purchase price for Gleacher will be allocated to identifiable assets (including intangible assets) and liabilities of Gleacher with any excess being treated as goodwill. Since intangible assets are amortized over their useful lives, we will incur accounting charges from the Transaction. In addition, intangible assets and goodwill are both subject to periodic impairment tests and could result in potential write-down charges in future periods.

A final determination of required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. The pro-forma financial information included herein contains an initial estimate of this allocation and the final estimate will be made once the study to determine the fair value of certain of Gleacher's assets and liabilities is completed. For financial reporting purposes, the results of operations of Gleacher will be included in our consolidated statement of income following the time that the Transaction is effective under applicable law. Our financial statements for prior periods will not be restated as a result of the Transaction.

Past Contacts, Transactions or Negotiations

The terms of the Merger Agreement are the result of arm's-length negotiations between representatives of the Company, Gleacher and the Selling Parties. The following is a summary of the background of these negotiations and the Transaction.

On October 14, 2008, Lee Fensterstock, our Chairman and Chief Executive Officer, and Eric Gleacher, Gleacher's Chairman, held a meeting at the offices of Gleacher. During this meeting, Mr. Fensterstock discussed the Company's strategy of building a premier investment bank over the next few years.

During the course of the following two months, Messrs. Fensterstock and Gleacher discussed possible transactions between Gleacher and the Company on several occasions. During these discussions, Mr. Gleacher expressed an interest in exploring a potential business combination between Gleacher and the Company.

On December 16, 2008, Mr. Fensterstock held a dinner with Mr. Gleacher, Jeffrey Tepper, a Managing Director and Chief Operating Officer of Gleacher, and Kenneth Ryan, a Managing Director of Gleacher. During the dinner, the parties discussed the Company, its current businesses and the opportunities presented by a potential combination of the Company and Gleacher.

During January 2009, Messrs. Fensterstock, Gleacher and Tepper held several meetings at which they discussed potential terms for a business combination, including potential deal consideration values and whether such consideration would include a cash as well as a stock component. Mr. Fensterstock also discussed the potential business combination with various members of the Company's Board of Directors during this period.

On January 23, 2009, Mr. Fensterstock communicated to Mr. Gleacher that representatives from MatlinPatterson, the Company's controlling shareholder, had agreed that the proposed transaction was in the best interests of the Company. Mr. Fensterstock and representatives from the Company proceeded to negotiate a term sheet outlining the proposed transaction and to begin due diligence with respect to Gleacher. Following such communication, the Company retained Sidley Austin LLP to represent the Company in a potential transaction. On January 30, 2009, the Company and Gleacher executed a non-disclosure agreement. Following the execution of the non-disclosure agreement, the Company began to conduct business due diligence on Gleacher. During February and March 2009, the parties and their counsel worked to prepare a merger agreement and several ancillary agreements.

Throughout January, February and March 2009, management of the Company conducted conference calls with members of the Board of Directors of the Company to update them on the status of the proposed Transaction and to apprise them of the work remaining.

On March 2, 2009, the Company's Board of Directors met to discuss the terms and conditions of the Transaction and to review the Merger Agreement and the other transaction documents. At that meeting, Sidley Austin LLP reviewed and discussed with the Board of Directors the proposed terms of the Merger Agreement and related agreements. The members of the Board of Directors asked questions of the Company's management and Sidley Austin LLP. After careful consideration and discussion, the Company's board of directors, on behalf of the Company, unanimously (i) declared the Merger Agreement and the other agreements contemplated thereby advisable for business reasons and in the best interests of the Company, (ii) approved the Merger Agreement and the other agreements contemplated thereby, (iii) authorized the officers of the Company to execute, deliver and perform the Merger Agreement and the other agreements contemplated thereby, and (iv) approved the Amendment. On the same day, the Company, as the sole member of Merger Sub, executed a written consent in lieu of a meeting approving the Transaction and the Merger Agreement, and MatlinPatterson executed the MP Consent, approving the Amendment and the Stock Issuance.

Following the adjournment of the Company board meeting, final details on the Merger Agreement and related documents were resolved by the parties and their counsel and the Merger Agreement was executed by the Company, Gleacher and the Selling Parties. The Transaction was announced before markets opened on March 3, 2009.

BROADPOINT SECURITIES GROUP, INC.

Description of Business

The Company is an independent investment bank that provides value-added, unconflicted advice to corporations and institutional investors. The Company provides services and generates revenues through its Investment Banking, Debt Capital Markets, Broadpoint DESCAP, Equities and Other segments. The Investment Banking segment provides capital raising and advisory services to corporations and institutional investors. The Debt Capital Markets segment provides sales, trading and research in a broad range of debt securities and generates revenues primarily through commissions on the sales of these securities. The Broadpoint DESCAP segment provides sales, trading and research in mortgage and asset-backed securities and generates revenues primarily through principal transactions and other trading activities associated with these securities. The Equities segment provides sales, trading and research in equity securities primarily through one of the Company's broker-dealer subsidiaries, Broadpoint Amtech, generating revenues mainly through commissions on executing these securities transactions. The Other segment generates revenue from unrealized gains and losses as a result of changes in the value of the firm's investments and realized gains and losses as a result of sales of equity holdings, and through the management of and investment in venture capital funds. This segment also includes the costs related to corporate overhead and support, including various fees associated with legal and settlement expenses. The Company has approximately 256 employees, is a New York corporation, incorporated in 1985, and is traded on the NASDAQ Global Market under the symbol "BPSG".

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

At the present time our shares are traded on the NASDAQ Stock Market. Our shares commenced trading on the NASDAQ Stock Market under the symbol “FACT”, and the symbol was changed to "BPSG", effective November 12, 2007, in connection with the Company being renamed Broadpoint Securities Group, Inc.

The following table sets forth, for the periods indicated, the range of high and low sale prices for our common stock through [l], 2009 for the periods noted, as reported by the NASDAQ Stock Market. Quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Fiscal Quarter Ended	High	Low
2007		
1st Quarter	$2.46	$1.42
2nd Quarter	$1.96	$1.51
3rd Quarter	$1.81	$1.22
4th Quarter	$1.74	$0.99
2008		
1st Quarter	$1.90	$1.00
2nd Quarter	$2.69	$1.75
3rd Quarter	$3.54	$1.90
4th Quarter	$3.26	$1.53
2009		
1st Quarter	$3.37	$1.98
2nd Quarter (through [l], 2009)		

We have not paid any cash dividends on our common stock in the last two fiscal years and do not anticipate paying any such cash dividends in the foreseeable future. Earnings, if any, will be retained to finance future growth. We may issue shares of our common stock and preferred stock in private or public offerings to obtain financing, capital or to acquire other businesses that can improve our performance and growth. Issuance or sales of substantial amounts of common stock could adversely affect prevailing market prices in our common stock.

As of April 3, 2009, there were approximately 2,509 beneficial owners of our common stock, with 81,556,246 shares issued and outstanding and 25,057,828 shares reserved for issuance pursuant to warrants and employee arrangements.

OUR PRINCIPAL SHAREHOLDERS

Stock Ownership of Principal Owners and Management Before Consummation of the Transaction

The following table sets forth information concerning the beneficial ownership of common stock of the Company as of March 5, 2009, by (i) each person whom we know beneficially owns more than five percent of the common stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our directors and current executive officers as a group.

	Shares Beneficially Owned(1)		Deferred Stock Units(4)
Name	Number	Percent	Number
Mast Credit Opportunities I Master Fund Limited(8)	8,078,924	9.97%	0
MatlinPatterson FA Acquisition LLC(6,7)	43,093,261	53.85%	0
Lee Fensterstock	294,118	*	1,831,611
Dale Kutnick(2)	59,488	*	0
Victor Mandel	0	*	0
George C. McNamee(2,3,5)	1,679,769	2.10%	16,193
Mark R. Patterson(6,7)	43,093,261	53.85%	0
Christopher R. Pechock	0	*	0
Frank Plimpton	0	*	0
Robert S. Yingling	15,924	*	0
Peter J. McNierney(2)	447,302	*	901,652
Patricia A. Arciero-Craig(2)	25,576	*	220,661
Robert I. Turner	0	*	491,322
Brian Coad	72,703	*	120,000
All directors and current executive officers as a group (11 persons)(2)	45,615,438	56.90%	3,461,439

* References ownership of less than 1.0%.

(1) Except as noted in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock.

(2) Includes shares of Common Stock that may be acquired within 60 days of March 5, 2009 through the exercise of stock options as follows: Mr. McNamee: 73,874; Mr. McNierney: 52,500; Ms. Arciero-Craig: 7,359; Mr. Dale Kutnick: 6,000; and all directors and current executive officers as a group: 139,733.

(3) Includes 21,363 shares owned by Mr. McNamee’s spouse through her retained annuity trust. Also includes 39,330 shares owned by Mr. McNamee as custodian for his minor children.

(4) The amounts shown represent restricted stock units held under the Company’s 2007 Incentive Compensation Plan that may possibly be exchanged for shares of Common Stock within 60 days of March 5, 2009 by reason of any potential termination, death or disability of the listed directors or officers as follows: Mr. Fensterstock: 608,333 upon

termination or 1,831,611 upon death or disability; Mr. McNierney: 281,667 upon termination or 901,652 upon death or disability; Mr. Coad: 120,000 upon death or disability; Ms. Arciero-Craig: 80,000 upon termination or 220,661 upon death or disability; Mr. Turner: 90,000 upon termination or 491,322 upon death or disability; and, all directors and current executive officers as a group: 1,060,000 upon termination or

3,445,246 upon death or disability. The amounts also include the number of phantom stock units held under the Company's nonqualified deferred compensation plans that may possibly be exchanged for shares of Common Stock within 60 days of March 5, 2009 by reason of any potential termination of the listed directors or officers as follows: Mr. McNamee: 16,193; and all directors and current executive officers as a group: 16,193. These amounts do not take into consideration the potential application of Section 409A of the Internal Revenue Code, which in some cases could result in a delay of the distribution beyond 60 days.

(5) Includes 1,156,000 shares pledged by Mr. McNamee in connection with a loan from KeyBank. No other current director, nominee director or executive officer has pledged any of the shares of common stock disclosed in the table above.

(6) The indicated interest was reported on a Schedule 13D/A filed on February 19, 2009, with the SEC by MatlinPatterson FA Acquisition LLC on behalf of itself, MatlinPatterson LLC, MatlinPatterson Asset Management LLC, MatlinPatterson Global Advisers LLC, MatlinPatterson Global Partners II LLC, MatlinPatterson Global Opportunities Partners II, L.P., MatlinPatterson Global Opportunities Partners (Cayman) L.P., David J. Matlin, and Mark R. Patterson. Beneficial ownership of the shares held by MatlinPatterson FA Acquisition LLC — 43,093,261 (shared voting and shared dispositive power) was also reported for: MatlinPatterson Global Opportunities Partners II L.P. — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Opportunities Partners (Cayman) II L.P. — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Partners II LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Advisers LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Asset Management LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson LLC — 43,093,261 (shared voting and shared dispositive power), David J. Matlin — 43,093,261 (shared voting and shared dispositive power), and Mark R. Patterson — 43,093,261 (shared voting and shared dispositive power). The address of MatlinPatterson FA Acquisition LLC is c/o MatlinPatterson Global Advisers LLC, 520 Madison Avenue, New York, NY 10022.

(7) For a description of the transaction which resulted in MatlinPatterson FA Acquisition LLC acquiring control of the Company, see "Certain Relationships and Related Transactions."

(8) The indicated interest was reported on a Schedule 13G/A filed on February 17, 2009, with the SEC by Mast Credit Opportunities I Master Fund Limited on behalf of itself, Mast Capital Management, LLC, Christopher B. Madison, and Daniel J. Steinberg. Beneficial ownership of the shares held by Mast Credit Opportunities I Master Fund Limited — 8,078,924 (sole voting and sole dispositive power) was also reported for: Mast Capital Management LLC — 8,078,924 (sole voting and sole dispositive power), Christopher B. Madison — 8,078,924 (shared voting and shared dispositive power), and Daniel J. Steinberg — 8,078,924 (shared voting and shared dispositive power). Includes 1,000,000 shares of Common Stock that may be acquired within 60 days pursuant to a warrant to purchase the shares at a price of $3 per share. The address of Mast Credit Opportunities I Master Fund Limited is c/o Goldman Sachs (Cayman) Trust, Limited, P.O. Box 896 GT, Harbour Centre, 2nd Floor, North Church Street, George Town,

Cayman Islands.

Stock Ownership of Principal Owners and Management Following the Consummation of the Transaction

The following table sets forth information concerning the beneficial ownership of common stock of the Company as of March 5, 2009 assuming the Transaction had been consummated on such date, by (i) each person whom we know beneficially owns more than five percent of the common stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our directors and current executive officers as a group.

Name	Shares Beneficially Owned(1) Number	Percent	Deferred Stock Units(4) Number
Mast Credit Opportunities I Master Fund Limited(8)	8,078,924	7.77%	0
MatlinPatterson FA Acquisition LLC(6,7)	43,093,261	41.83%	0
Lee Fensterstock	294,118	*	1,831,611
Eric Gleacher(9)	14,542,035	14.12%	0
Dale Kutnick(2)	59,488	*	0
Victor Mandel	0	*	0
George C. McNamee(2,3,5)	1,679,796	1.63%	16,193
Mark R. Patterson(6,7)	43,093,261	41.83%	0
Christopher R. Pechock	0	*	0
Frank Plimpton	0	*	0
Robert S. Yingling	15,924	*	0
Peter J. McNierney(2)	447,302	*	901,652
Patricia A. Arciero-Craig(2)	25,576	*	220,661
Robert I. Turner	0	*	491,322
Brian Coad	72,703	*	120,000
All directors and current executive officers as a group (12 persons)(2)	60,157,473	58.31%	3,461,439

* References ownership of less than 1.0%.

(1) Except as noted in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock.

(2) Includes shares of Common Stock that may be acquired within 60 days of March 5, 2009 through the exercise of stock options as follows: Mr. McNamee: 73,874; Mr. McNierney: 52,500; Ms. Arciero-Craig: 7,359; Mr. Dale Kutnick: 6,000; and all directors and current executive officers as a group: 139,733.

(3) Includes 21,363 shares owned by Mr. McNamee’s spouse and through her retained annuity trust. Also includes 39,330 shares owned by Mr. McNamee as custodian for his minor children.

(4) The amounts shown represent restricted stock units held under the Company’s 2007 Incentive Compensation Plan that may possibly be exchanged for shares of Common Stock within 60 days of March 5, 2009 by reason of any potential termination, death or disability of the listed directors or officers as follows: Mr. Fensterstock: 608,333 upon termination or 1,831,611 upon death or disability; Mr. McNierney: 281,667 upon termination or 901,652 upon death or disability; Mr. Coad: 120,000 upon death or disability; Ms. Arciero-Craig: 80,000 upon termination or 220,661 upon death or disability; Mr. Turner: 90,000 upon termination or 491,322 upon death or disability; and, all directors and current executive officers as a group: 1,060,000 upon termination or 3,445,246 upon death or disability. The amounts also include the number of phantom stock units held under the Company’s nonqualified deferred compensation plans that may

possibly be exchanged for shares of Common Stock within 60 days of March 5, 2009 by reason of any potential termination of the listed directors or officers as follows: Mr. McNamee: 16,193; and all directors and current executive officers as a group: 16,193. These amounts do not take into consideration the potential application of Section 409A of the Internal Revenue Code, which in some cases could result in a delay of the distribution beyond 60 days.

(5) Includes 1,156,000 shares pledged by Mr. McNamee in connection with a loan from KeyBank. No other current director, nominee director or executive officer has pledged any of the shares of common stock disclosed in the table above.

(6) The indicated interest was reported on a Schedule 13D/A filed on February 19, 2009, with the SEC by MatlinPatterson FA Acquisition LLC on behalf of itself, MatlinPatterson LLC, MatlinPatterson Asset Management LLC, MatlinPatterson Global Advisers LLC, MatlinPatterson Global Partners II LLC, MatlinPatterson Global Opportunities Partners II, L.P., MatlinPatterson Global Opportunities Partners

(Cayman) L.P., David J. Matlin, and Mark R. Patterson. Beneficial ownership of the shares held by MatlinPatterson FA Acquisition LLC — 43,093,261 (shared voting and shared dispositive power) was also reported for: MatlinPatterson Global Opportunities Partners II L.P. — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Opportunities Partners (Cayman) II L.P. — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Partners II LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Global Advisers LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson Asset Management LLC — 43,093,261 (shared voting and shared dispositive power), MatlinPatterson LLC — 43,093,261 (shared voting and shared dispositive power), David J. Matlin — 43,093,261 (shared voting and shared dispositive power), and Mark R. Patterson — 43,093,261 (shared voting and shared dispositive power). The address of MatlinPatterson FA Acquisition LLC is c/o MatlinPatterson Global Advisers LLC, 520 Madison Avenue, New York, NY 10022.

(7) For a description of the transaction which resulted in MatlinPatterson FA Acquisition LLC acquiring control of the Company, see “Certain Relationships and Related Transactions.”

(8) The indicated interest was reported on a Schedule 13G/A filed on February 17, 2009, with the SEC by Mast Credit Opportunities I Master Fund Limited on behalf of itself, Mast Capital Management, LLC, Christopher B. Madison, and Daniel J. Steinberg. Beneficial ownership of the shares held by Mast Credit Opportunities I Master Fund Limited — 8,078,924 (sole voting and sole dispositive power) was also reported for: Mast Capital Management LLC — 8,078,924 (sole voting and sole dispositive power), Christopher B. Madison — 8,078,924 (shared voting and shared dispositive power), and Daniel J. Steinberg — 8,078,924 (shared voting and shared dispositive power). Includes 1,000,000 shares of Common Stock that may be acquired within 60 days pursuant to a warrant to purchase the shares at a price of $3 per share. The address of Mast Credit Opportunities I Master Fund Limited is c/o Goldman Sachs (Cayman) Trust, Limited, P.O. Box 896 GT, Harbour Centre, 2nd Floor, North Church Street, George Town, Cayman Islands.

(9) Includes 1,104,845 shares in escrow pursuant to the terms of the Merger Agreement.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

On April 26, 2007, the Board of Directors adopted a new Related Party Transactions Policy (the "Policy"). Under the Policy only those related party transactions that have terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and that are approved or ratified by the Audit Committee of the Board of Directors of the Company (the "Audit Committee"), the disinterested members of the Board of Directors, and, if and to the extent involving compensation, the Executive Compensation Committee, may be consummated or permitted to continue. "Related Parties" include any senior officer (including all executive officers of the Company and its subsidiaries) or director of the Company, any shareholder owning more than 5% of the Company (or its controlled affiliates), any person who is an immediate family member of a senior officer or director, and any entity owned or controlled by such persons or in which such persons have a substantial ownership interest. "Related Party Transactions" include any transaction between the Company and any Related Party (including any transactions requiring disclosure under Item 404 of Regulation S-K under the Exchange Act) except transactions available to all employees generally or those involving less than $5,000 when aggregated with all similar transactions. Pursuant to the Policy, any proposed Related Party Transactions may be submitted for consideration at the Audit Committee's regular quarterly meetings. Following the Audit Committee's review, the Committee will either approve or disapprove such transactions. In the event that management recommends any transactions in between regularly scheduled meetings, management will confer with the Chair of the Audit Committee as to whether the Company may preliminarily enter into such arrangement subject to ratification by the full Audit Committee at the next regularly scheduled meeting. Each of the transactions referenced below that require approval or ratification by the Audit Committee pursuant to the Policy have been so approved or ratified.

First Clearing — Margin Loans

During 2008, First Clearing, LLC, a clearing firm with which Broadpoint Capital has contracted for broker dealer trading activities, extended credit in the ordinary course of its business to employees, including directors and executive officers, under Regulation T, which regulates credit in cash and margin accounts. If an account holder failed to meet a margin call and the securities in the account holder's account prove insufficient to satisfy the margin call, the Company could have been obligated to satisfy the call on behalf of the account holder. No such extensions of credit required such actions and all were made on the same terms as for customers. As of July 2008, Broadpoint Capital was no longer subject to this arrangement.

FA Technology Ventures, L.P.

As of December 31, 2008, the Company had a commitment to invest as a limited partner up to $1.3 million ($1.3 million as of December 31, 2007) in FA Technology Ventures, L.P. (the "Fund"), a technology fund whose primary purpose is to provide investment returns consistent with the risk of investing in venture capital. The Company also had a commitment as of that date to invest up to an additional $0.1 million ($0.2 million as of December 31, 2007) in parallel with the Fund; this parallel commitment may be satisfied by investments from the Company's employee funded investment vehicles established by the Company to allow select employees to invest along with the Fund. These commitments extended initially to the end of the Fund's

commitment period, which expired in July 2006; however, the general partner may continue to make capital calls up through July 2011 for additional investments in portfolio companies and the payment of management fees. The Fund is managed by FA Technology Ventures Corporation ("FATV"), a wholly-owned subsidiary of the Company, which receives management fees for its services. George C. McNamee is an employee of this subsidiary and received $305,000 and $240,000 in compensation from it in 2007 and 2008, respectively. In addition, Mr. McNamee is a member of FATV GP LLC, the general partner of the Fund, with a current 16.50% membership interest. As a result of this interest in the general partner, he would be entitled to receive 17.02% of the 20% carried interest that may become payable by the Fund to its general partner if the Fund's investments are successful. Mr. McNamee is required under the partnership agreement for the Fund to devote a majority of his business time to the conduct of the Fund and any parallel funds.

On April 30, 2008, the Company entered into a Transition Agreement (the "Transition Agreement") with FATV, FA Technology Holding, LLC ("NewCo"), Mr. McNamee, and certain other employees of FATV (such individuals, collectively, the "FATV Principals"), to effect a restructuring of the investment management arrangements relating to the Fund, and the formation of FA Technology Ventures III, L.P., a new venture capital fund ("Fund III"). The Transition Agreement provides that if the initial closing of Fund III does not occur on or before March 31, 2009, the parties' rights and obligations under the Transition Agreement shall automatically terminate, except as follows: (a) certain nonsolicitation obligations of the FATV Principals shall continue and (b) upon the initial closing of any subsequent venture capital fund sponsored by NewCo or any 4 of the 6 FATV Principals before June 30, 2009, NewCo or such FATV Principals shall cause NewCo or such subsequent fund to reimburse the Company for any expenses related to the organization and marketing of Fund III funded by the Company. The initial closing of Fund III did not occur on or before March 31, 2009, and the Transition Agreement has terminated in accordance with its terms.

Johnson Consulting Agreement

As of February 1, 2005, the Company entered into a Consulting Agreement (the "Consulting Agreement") with Hugh A. Johnson, Jr., a former director of the Company and Chairman of Johnson Illington ("JIA"). JIA purchased the Albany, New York operations of FA Asset Management Inc. in February 2005. As part of the consideration for the purchase, JIA is obligated to pay the Company a percentage of its revenues earned through 2009. No such payments were made in 2006, 2007 or 2008. In addition, the Company made payments of $36,706 in 2006 to JIA for certain management fees for investments. No such payments were made in 2007 or 2008. Under the terms of the Consulting Agreement, Mr. Johnson ended his employment with the Company and began serving as a consultant to the Company for a three-year period beginning February 2005. The Consulting Agreement further provided that Mr. Johnson received an annual consulting fee of $250,000 and provided Mr. Johnson with an office, and reimbursement for reasonable travel expenses in connection with the consulting services.

Murphy Settlement Agreement

In connection with the termination of Arthur Murphy's employment by Broadpoint Capital as Executive Managing Director, Mr. Murphy, also a former member of the Board of Directors of the Company, filed an arbitration claim with the National Association of Securities Dealers on June 24, 2005 against Broadpoint Capital, Alan Goldberg, former President and Chief Executive Officer, and George McNamee, former Chairman of the Company. The claim alleged damages in the amount of $8 million based on his assertions that he was fraudulently induced to remain in the employ of Broadpoint Capital. Without admitting or denying any wrongdoing or liability, on December 28, 2006, Broadpoint Capital, entered into a settlement agreement with Arthur Murphy in connection with such arbitration claim.

MatlinPatterson Private Placement

On September 21, 2007 the Company issued and sold 38,354,293 newly-issued unregistered shares of common stock of the Company for an aggregate cash purchase price of $50 million (the "Private Placement") to MatlinPatterson and certain co-investors pursuant to the Investment Agreement, dated as of May 14, 2007 (the "Investment Agreement"), between the Company and MatlinPatterson.

Pursuant to the Investment Agreement, MatlinPatterson had the right to designate one or more co-investors to purchase a portion of the shares of common stock to be purchased by MatlinPatterson in place of MatlinPatterson. On September 21, 2007, MatlinPatterson entered into a Co-Investment Agreement with Robert M. Tirschwell pursuant to which MatlinPatterson and Mr. Tirschwell agreed that Mr. Tirschwell would purchase the number of shares corresponding to an aggregate purchase price of $450,000. On September 21, 2007, MatlinPatterson also entered into a Co-Investment Agreement with Robert M. Fine pursuant to which MatlinPatterson and Mr. Fine agreed that Mr. Fine would purchase the number of shares corresponding to an aggregate purchase price of $130,000. Pursuant to the Investment Agreement and in connection with MatlinPatterson's co-investor designations, the Company, MatlinPatterson and each of Mr. Tirschwell and Mr. Fine entered into co-investor joinder agreements, which provide as follows:

Robert M. Tirschwell. On September 21, 2007, pursuant to the Investment Agreement, the Company entered into a Co-Investor Joinder Agreement (the "Tirschwell Joinder Agreement") with Mr. Tirschwell and MatlinPatterson wherein the Company agreed to issue and sell to Mr. Tirschwell the number of shares of common stock, to be purchased by MatlinPatterson, corresponding to an aggregate purchase price of $450,000, on the terms set forth in the Investment Agreement. Pursuant to the Tirschwell Joinder Agreement, Mr. Tirschwell agreed to become a party to the Investment Agreement as a "Purchaser" thereunder, and agreed to perform, and be bound by, all the obligations of a Purchaser under the Investment Agreement. Mr. Tirschwell is the Head of Trading of Broadpoint DESCAP, a division of Broadpoint Capital.

Robert M. Fine. On September 21, 2007, pursuant to the Investment Agreement, the Company entered into a Co-Investor Joinder Agreement (the "Fine Joinder Agreement") with Mr. Fine and MatlinPatterson wherein the Company agreed to issue and sell to Mr. Fine the number of shares of common stock, to be purchased by MatlinPatterson, corresponding to an aggregate purchase price of $130,000, on the terms set forth in the Investment Agreement.

Pursuant to the Fine Joinder Agreement, Mr. Fine agreed to become a party to the Investment Agreement as a "Purchaser" thereunder, and agreed to perform, and be bound by, all the obligations of a Purchaser under the Investment Agreement. Mr. Fine is the President of Broadpoint DESCAP.

As a result of these arrangements, on September 21, 2007 MatlinPatterson contributed from its working capital $49,420,000 of the $50 million cash purchase price and received 37,909,383 newly-issued shares of the Company's common stock. Mr. Fine contributed from his personal funds $130,000 of the $50 million cash purchase price and received 99,721 newly-issued shares of the Company's common stock. Mr. Tirschwell contributed from his personal funds $450,000 of the $50,000,000 cash purchase price and received 345,189 newly-issued shares of the Company's common stock.

The number of shares issued to MatlinPatterson, Mr. Tirschwell and Mr. Fine was subject to upward adjustment within 60 days of the closing of the Investment Agreement in the event that the final net tangible book value per share of the Company as of September 21, 2007 was less than $1.60. On February 21, 2008, the Company entered into an agreement with MatlinPatterson, Mr. Tirschwell and Mr. Fine agreeing that the final net tangible book value per share of the Company as of September 21, 2007 was $1.25. Pursuant to the terms of such agreement, the Company agreed to issue 3,632,009 additional shares of common stock of the Company to MatlinPatterson, Mr. Tirschwell and Mr. Fine in satisfaction of this requirement. MatlinPatterson currently holds approximately 54% of the Company's outstanding common stock.

Upon the closing of the Private Placement, the Company entered into a Registration Rights Agreement, dated as of September 21, 2007 (the "Registration Rights Agreement"), with MatlinPatterson, Mr. Tirschwell and Mr. Fine, which was amended by Amendment No. 1 to the Registration Rights Agreement, dated as of March 4, 2008. The Registration Rights Agreement contains other customary terms found in such agreements, including provisions concerning registration rights, registration procedures and piggyback registration rights as well as customary indemnification rights for MatlinPatterson, Mr. Tirschwell and Mr. Fine. Pursuant to the Registration Rights Agreement, the Company would bear all of the costs of any registration other than underwriting discounts and commissions and certain other expenses.

Pursuant to the Investment Agreement and with respect to last year's annual meeting of shareholders, MatlinPatterson had the right to designate directors to be appointed to the Company's Board of Directors. Each of Messrs. Patterson, Fensterstock, Pechock and Plimpton were designated to the Board pursuant to such right of MatlinPatterson.

Voting Agreement with MatlinPatterson

On February 29, 2008, the Company and MatlinPatterson entered into a Voting Agreement (the "Voting Agreement") whereby MatlinPatterson agreed to vote its shares in the Company in favor of an increase in the number of authorized shares under the 2007 Plan to be submitted to shareholders at the 2008 Annual Meeting of Shareholders. Such increase in the number of authorized shares was approved at such meeting.

Brokerage and Investment Banking Services for MatlinPatterson

From time to time, Broadpoint Capital provides brokerage services to MatlinPatterson or its affiliated entities, which services are provided by Broadpoint Capital in the ordinary course of its business. No such services were provided in 2007. In 2008 and for 2009 through February 28, 2009, MatlinPatterson paid $255,441 and $153,493, respectively, to Broadpoint Capital for such services.

From time to time Broadpoint Capital also provides investment banking services to MatlinPatterson or its affiliated entities, which services are provided by Broadpoint Capital in the ordinary course of its business. No such services were provided in 2007. In 2008 and 2009 through February 28, 2009, Broadpoint Capital has earned $8.4 million and $579,991, respectively, from MatlinPatterson Global Advisers LLC for such services.

Fensterstock Consulting Arrangement

From July 2007 through September 21, 2007, Mr. Fensterstock served as a consultant to the Company prior to becoming its Chief Executive Officer. The Company paid $83,000 to Mr. Fensterstock pursuant to such arrangement.

Mast Private Placement

On March 4, 2008, the Company entered into a stock purchase agreement (the “Stock Purchase Agreement”) with MatlinPatterson, Mast Credit Opportunities I Master Fund Limited, a Cayman Islands corporation (“Mast”) and certain Individual Investors listed on the signature pages to the Stock Purchase Agreement (the “Individual Investors”, and together with the MatlinPatterson and Mast, the “Investors”). Pursuant to the terms of the Stock Purchase Agreement, the Company issued and sold 11,579,592 shares of common stock to the Investors, with 7,058,824 shares being issued to Mast, 1,594,000 shares being issued to the MatlinPatterson and 2,926,768 shares issued to the Individual Investors. The shares were sold for an aggregate purchase price of approximately $19.7 million, with the proceeds from the sale to be used for working capital. In addition, all of the Individual Investors are employees of the Company and/or its wholly-owned subsidiary Broadpoint Capital, including Lee Fensterstock, the current Chairman and Chief Executive Officer of the Company, and other senior officers of Broadpoint Capital.

Concurrently with the execution of the Stock Purchase Agreement, the Company entered into a Registration Rights Agreement, dated as of March 4, 2008 (the “Mast Registration Rights Agreement”), with Mast with respect to the shares that Mast purchased pursuant to the Stock Purchase Agreement (the “Mast Shares”). Pursuant to the Mast Registration Rights Agreement, the Company was required to file within 30 days following March 4, 2008, and did file on April 1, 2008, a registration statement with the SEC for the resale of the Mast Shares in an offering on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (the “Mast Shelf Registration”). The registration statement was declared effective on April 29, 2008. The Company paid for all of the costs of the Mast Shelf Registration, a total of approximately $45,000, other than underwriting discounts and commissions and certain other expenses, and grants customary indemnification rights thereunder to Mast.

Mast Mandatory Redeemable Preferred Stock

On June 27, 2008 the Company entered into the Preferred Stock Purchase Agreement with Mast for the issuance and sale of (i) 1,000,000 newly-issued unregistered shares of Series B Mandatory Redeemable Preferred Stock of the Company, par value $1.00 per share (the "Series B Preferred Stock") and (ii) a warrant to purchase 1,000,000 shares of the Company's common stock, at an exercise price of $3.00 per share (the "Warrant"), for an aggregate cash purchase price of $25 million.

The Preferred Stock Purchase Agreement and the Series B Preferred Stock include, among other things, certain negative covenants and other rights with respect to the operations, actions and financial condition of the Company and its subsidiaries so long the Series B Preferred Stock remains outstanding. Cash dividends of 10% per annum must be paid on the Series B Preferred Stock quarterly, while an additional dividend of 4% per annum accrues and is cumulative, if not otherwise paid quarterly at the option of the Company. The Series B Preferred Stock must be redeemed on or before June 27, 2012.

The redemption prices are as follows:

Date	Premium Call Factor
Prior to and including June 26, 2009	1.07
From June 27, 2009 to December 27, 2009	1.06
From December 28, 2009 to June 27, 2010	1.05
From June 28, 2010 to December 27, 2011	1.04
From December 28, 2011 to June 2012	1.00

The Warrant is subject to customary anti-dilution provisions and expires June 27, 2012. Concurrently with the execution of the Preferred Stock Purchase Agreement, the Company and Mast entered into a Registration Rights Agreement, dated as of June 27, 2008 (the "Warrant Registration Rights Agreement"), with respect to the shares of Common Stock that are issuable to Mast pursuant to the Warrant (the "Warrant Shares"). Pursuant to the Warrant Registration Rights Agreement, Mast has the right to request registration of the Warrant Shares if at any time the Company proposes to register common stock for its own account or for another, subject to certain exceptions for underwriting requirements. In addition, under certain circumstances Mast may demand a registration of no less than 300,000 Warrant Shares. The Company must register such Warrant Shares as soon as practicable and in any event within forty-five (45) days after the demand. The Company will bear all of the costs of all such registrations other than underwriting discounts and commissions and certain other expenses.

Concurrently with the execution of the Preferred Stock Purchase Agreement, the Company and Mast entered into a Preemptive Rights Agreement (the "Preemptive Rights Agreement"). The Preemptive Rights Agreement provides that in the event that the Company

proposes to offer or sell any equity securities of the Company below the current market price, the Company shall first offer such securities to Mast to purchase; provided, however, that in the case of equity securities being offered to MatlinPatterson, Mast shall only have the right to purchase its pro rata share of such securities (based upon common stock ownership on a fully diluted basis). If Mast exercises such right to purchase the offered securities, Mast must purchase all (but not a portion) of such securities for the price, terms and conditions so proposed. The preemptive rights do not extend to (i) common stock issued to employees or directors pursuant to a plan or agreement approved by the Board of Directors, (ii) issuance of securities pursuant to a conversion of convertible securities, (iii) stock splits or stock dividends or (iv) issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise.

Waiver of Trading Policy

On March 6, 2008, the Company reported in a current report on Form 8-K that, on March 3, 2008, the Board approved a one-time limited waiver under the Company's insider trading policy (the "Trading Policy") that is incorporated into the Company's Code of Business Conduct and Ethics to Messrs. Fensterstock, Fine and Tirschwell, as well as certain other employees covered by the Trading Policy to acquire shares of the Company's common stock in connection with the Mast Private Placement. The waiver related to certain provisions of the Trading Policy which provide that certain designated employees may not engage in transactions involving the Company's securities during certain specified blackout periods. After due consideration and a review of the facts and circumstances, including a determination that the transaction in question did not present the opportunity for insider trading that the Trading Policy was intended to prevent, the Board believed that the waiver was appropriate in this limited case.

GLEACHER PARTNERS INC.

Description of Business

Gleacher, acting through its subsidiary Gleacher Partners LLC, is a leading corporate advisory firm which provides strategic financial advice to major corporations across the world, principally related to mergers, acquisitions and restructurings. Gleacher Partners was founded in New York in 1990 by Eric J. Gleacher, who previously headed the Mergers and Acquisitions department of Lehman Brothers and Global Mergers and Acquisitions at Morgan Stanley. Gleacher has offices in New York, Atlanta and Chicago.

Gleacher's success is grounded in several fundamental principles that differentiate it from its competition. The firm's managing directors are committed to providing comprehensive strategic advice to clients who value their creativity, effectiveness and integrity. These senior bankers bring a unique perspective to their assignments, having run or founded large and successful businesses themselves, served on numerous Boards of Directors and run departments at several other Wall Street firms. Gleacher provides the following services to its global client base:

- Mergers & Acquisitions: Financial advice to global clients on acquisitions and sales of companies, divisions, business units and assets;

- Restructurings: Full-service restructuring advisory services, including renegotiating bank agreements, obtaining covenant waivers / amendments, advising on out-of-court and Chapter 11 restructurings, rights offerings, exchange offers and distressed M&A;

- Strategic Reviews: Formal strategic reviews conducted on behalf of Boards of public and private companies that assess the feasibility of options to meet strategic objectives and inform as to the impact of the strategy on a client's financial and risk profile; and

- Takeover Defense: Financial advice to companies regarding hostile offer defense and proxy solicitation defense.

Gleacher draws on the established corporate relationships of its managing directors and senior advisers, as well as its reputation for quality of advice and execution, to build long-term client relationships with major Fortune 500 corporations and growth companies. Gleacher's business model offers clients a highly confidential engagement with senior banker attention to all aspects of an assignment. This allows the firm the flexibility to originate and execute the largest strategic transactions for our clients, as well as those smaller transactions where high-quality creative advice, discretion and execution are essential. To date, Gleacher has advised on over $250 billion of transactions.

GLEACHER MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATION OF GLEACHER

THE FOLLOWING DISCUSSION SHOULD BE READ TOGETHER WITH THE INFORMATION CONTAINED IN THE FINANCIAL STATEMENTS AND RELATED NOTES BEGINNING ON PAGE F-1 OF THIS INFORMATION STATEMENT.

Business Environment

Since mid-2007, global financial markets have deteriorated resulting in decreased financing availability. The decrease in available funding has led to a significant decrease in the overall number of mergers and acquisitions transactions globally. However, Gleacher believes that the current industry disruption provides additional long-term opportunity for the firm by increasing the number of potential restructuring assignments and by allowing the firm to hire additional revenue generating senior employees to drive future growth.

Results Of Operations

2008 Financial Overview

For the year ended December 31, 2008, net operating revenues were $14.1 million compared to $22.4 million for the year ended December 31, 2007. Gleacher reported a net loss of $0.3 million for the year ended December 31, 2008 compared to a net loss of $0.1 million for the year ended December 31, 2007. The decrease in net income is primarily due to the decrease in revenues, partially offset by decreases in compensation and benefits and occupancy expenses.

Net Revenues

Net operating revenues declined $8.3 million, or 37% in 2008 on account of a number of significant transactions that were not completed because of the macro environment for mergers and acquisitions and Gleacher's clients having taken an increasingly conservative viewpoint towards their mergers and acquisitions strategy. Gleacher earned fees from 12 clients in 2008, down from 16 clients in 2007.

Non-Interest Expense

Non-interest expense decreased $7.0 million, or 33% in 2008.

Compensation and benefits expense declined $6.1 million, or 40% in 2008. The decrease in compensation and benefits expense is directly linked to the decrease in revenues as Gleacher's policy is to pay out compensation based on revenues received and individual employee's performance.

Occupancy expenses declined by $0.6 million, or 22% in 2008. The decline was the result of the termination of a satellite office lease of $0.3 million and a rent credit from Gleacher's primary landlord as the result of an operating expense reduction of $0.2 million.

Liquidity And Capital Resources

Virtually all of Gleacher's assets are liquid, consisting mainly of cash. At December 31, 2008, 87% of its assets were in cash or cash equivalents. At December 31, 2007, 78% of its assets were in cash or cash equivalents.

During 2008, Gleacher reduced outstanding debt by making a principal payment of $0.3 million on the outstanding debt facility. Terms of the debt call for similar reductions in December 2009 and 2010.

Gleacher does not anticipate any business conditions that would prevent it from satisfying the outstanding debt.

Off-Balance Sheet Arrangements

Gleacher does not have any off-balance sheet arrangements and does not anticipate any in the future.

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma combined consolidated financial information and explanatory notes give effect to the combination of the Company and Gleacher and are based on the estimates and assumptions set forth herein and in such notes. The unaudited pro forma condensed combined financial information shows the impact of the combination of the Company and Gleacher on the companies' respective historical financial positions and results of operations under the purchase method of accounting with Broadpoint as the acquirer. Under this method of accounting, the assets and liabilities of Gleacher will be recorded by the Company at their estimated fair values as of the date the combination is completed. The unaudited pro forma condensed combined balance sheet as of December 31, 2008 assumes the combination was completed on that date. The unaudited pro forma combined condensed income statements for the year ended December 31, 2008 give effect to the combination as if the combination had been completed January 1, 2008.

Under the terms of the Merger Agreement, Broadpoint will pay the stockholders of Gleacher $20 million in cash, subject to adjustment as provided in the Merger Agreement, and issue 23 million shares of Company common stock subject to resale restrictions. As previously described in this Information Statement, MatlinPatterson has executed a written consent approving the Stock Issuance. The unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the historical consolidated financial statements and the related notes of both the Company and Gleacher.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate financial results of the combined companies had the companies actually been combined at the beginning of the period presented, and the impact of possible revenue enhancements and expenses efficiencies, among other factors, have not been considered. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the allocation of the purchase price reflected in the pro forma condensed combined financial information is subject to adjustment.

Broadpoint Securities Group, Inc. / Gleacher Partners Inc.

Unaudited Pro Forma Combined Income Statement for the Full Year Ended December 31, 2008
(In thousands of dollars, except per share amounts)

	As Reported		Pro Forma		Pro Forma
	Broadpoint	Gleacher	Adjustments		Combined
Revenues					
Principal transactions	$ $97,032	$ -	$ -		$ 97,032
Commissions	6,529	-	-		6,529
Investment banking	8,296	13,947	(452)	(A)	21,791
Investment banking revenue from related party	8,400	-	-		8,400
Investment (losses) gains	(1,115)	-	-		(1,115)
Interest income	21,946	72	-		22,018
Fees and others	3,925	362	-		4,287
Total revenues	145,013	14,381	(452)		158,942
Interest expense	10,712	253	(253)	(B)	10,712
Net revenues	134,301	14,128	(199)		148,230
Expenses (excluding interest)					
Compensation and benefits	111,678	9,278	(2,066)	(C)	118,643
			(247)	(A)	
Clearing, settlement and brokerage costs	2,794	-	-		2,794
Communications and data processing	9,245	490	-		9,735
Occupancy and depreciation	6,259	2,228	(58)	(D)	8,429
Selling	4,152	-	-		4,152
Gleacher amortization of intangibles	-	-	2,748	(E)	2,748
Restructuring	4,315	-	-		4,315
Other	10,664	2,371	(9)	(A)	13,047
			21	(G)	
Total expenses (excluding interest)	149,107	14,367	389		163,863
Loss before income taxes, discontinued operations and cumulative effect of an accounting change	(14,806)	(239)	(588)		(15,633)
Income tax expense (benefit)	2,424	56	(56)	(H)	2,424
Loss from continuing operations	(17,230)	(295)	(532)		(18,057)
(Loss) income from discontinued operations	(132)	-	-		(132)
Loss attributable to minority interest holders	-	2	(2)	(I)	-
Net loss	$ (17,362)	$ (293)	$ (534)		$ (18,189)
Basic earnings per share:					
Continuing operations	$ (0.25)		$ $$(0.04)	(J)	$ (0.20)
Loss per share	$ (0.25)		$ (0.04)		$ (0.20)
Diluted earnings per share:					
Continuing operations	$ (0.25)		$ (0.04)	(J)	$ (0.20)
Diluted loss per share	$ (0.25)		$ (0.04)		$ (0.20)

Weighted average shares of common stock:				
Basic	69,296	23,000	(J)	92,296
Diluted	69,296	23,000	(J)	92,296

Broadpoint Securities Group, Inc. / Gleacher Partners Inc.

Unaudited Pro Forma Consolidated Combined Company Balance Sheet as of December 31, 2008
(In thousands of dollars, except shares and per share amounts)

	As Reported				
	Broadpoint	Gleacher	Pro Forma Adjustments		Pro Forma Combined
Assets					
Cash and cash equivalents	$ 7,377	$ 5,914	$ (10,000)	(K)	$ -
			(3,395)	(B)	
			(1,152)	(L)	
			(390)	(F)	
			(362)	(I)	
			(152)	(M)	
			1,553	(N)	
			341	(O)	
			248	(D)	
			18	(O)	
Cash and securities segregated for regulatory purposes	470	-	-		470
Receivables from:					
Brokers, dealers and clearing agencies	3,465	-	-		3,465
Related parties	232	-	-		232
Others	4,490	341	(341)	(O)	4,490
Securities owned, at fair value	618,822	-	-		618,822
Investments	15,398	18	(18)	(O)	15,398
Office equipment and leasehold improvements, net	1,691	400	(248)	(D)	1,843
Goodwill	23,283	-	55,602	(P)	83,385
			4,500	(T)	
Intangible assets	8,239	-	12,800	(E)	21,039
Other assets	10,804	142	-		10,946
Total Assets	$ 694,271	$ 6,815	$ 59,004		$ 760,090
Liabilities and Stockholders' Equity					
Liabilities					
Payables to:					
Brokers, dealers and clearing agencies	$ 511,827	$ -	$ 1,553	(N)	$ 513,380
Others	2,788	-	-		2,788
Securities sold, but not yet purchased, at fair value	15,228	-	-		15,228
Accounts payable	2,172	314	-		2,486
Accrued compensation	31,939	1,469	-		33,408
Accrued expenses	6,178	123	-		6,301
Due to Gleacher shareholders	-	-	9,643	(R)	9,643
Bank loan	-	625	(625)	(B)	-
Note payable - shareholder	-	2,770	(2,770)	(B)	-

Mandatory redeemable preferred stock debt	24,187	-	-		24,187
Total Liabilities	594,319	5,301	7,801		607,421
Minority Interest					
Minority Interest	-	362	(362)	(I)	--
Commitments and Contingencies					
Subordinated debt	1,662	-	-		1,662
Stockholders' Equity					
Preferred stock	-	-	-		-
Common stock	815	-	230	(S)	1,045
Additional paid-in capital	236,824	-	48,377	(S)	285,201
Deferred compensation	954	-	-		954
Accumulated deficit	(138,062)	-	4,500	(Q)	(133,952)
			(390)	(F)	
Treasury stock, at cost	(2,241)	-	-		(2,241)
Gleacher Equity	-	1,152	(1,152)	(L)	-
Total Stockholders' Equity	98,290	1,152	51,565		151,007
Total Liabilities and Stockholders' Equity	$ 694,271	$ 6,815	$ 59,004		$ 760,090

The pro forma adjustments included in the unaudited pro forma condensed combined financial information are as follows:

(A) To eliminate revenue, compensation and other expenses associated with Gleacher Partners' management of Gleacher Mezzanine Fund I and Gleacher Mezzanine Fund P, which is excluded from the acquisition.

(B) To eliminate Gleacher's interest expense associated with the bank loan and note due to shareholder. Prior to the close, the bank loan and note due to shareholders will be repaid.

(C) Adjustment to record compensation consistent with Broadpoint's Investment Banking target compensation rate.

(D) To adjust depreciation and amortization for the disposition of $248,000 of fixed assets prior to closing.

(E) To record the fair value of Gleacher's intangible assets and the associated amortization. Intangible assets and their respective amortization schedule are as follows:

a. Non-Compete agreements – 3 years

b. Customer relationships – 3 years

c. Investment Banking backlog – 1 year

d. Trade name – 20 years

(F) To record merger-related legal and accounting expenses associated with the acquisition.

(G) To record incremental capital based taxes (franchise) resultant from consolidation.

(H) Broadpoint and Gleacher will file a consolidated federal and various combined state and local income tax returns. The pro forma adjusts the reported income tax provision on Gleacher to reflect a computation on a consolidated basis. The Combined Company will record a valuation allowance against its net deferred tax assets, and accordingly no benefit is recorded on the Pro Forma Adjustments.

(I) To eliminate Minority Interest and the associated loss.

(J) Adjustment to basic earnings per share and diluted earnings per share calculation includes Gleacher's net loss, effect of the Pro Forma Adjustments and the issuance of 23.0 million pro forma shares in connection with the closing of the transaction.

(K) To record a $10 million cash payment to Stockholders of Gleacher at closing.

(L) To record cash distribution to stockholders of Gleacher prior to closing.

(M) To record cash payment to Gleacher Stockholders for net book value of fixed assets and lease hold improvements.

(N) To record the transfer of cash from Broadpoint's clearing agent to a cash account.

(O) To record the disposition of other assets and investments prior to the closing date.

(P) To record goodwill associated with the acquisition of Gleacher.

(Q) Pursuant to FAS 141 (R), Business Combinations, the Accumulated Deficit is reduced for the effects of an income tax benefit that will be recorded on the day of the transaction. The income tax benefit is a result of the reduction of Broadpoint's valuation allowance to offset net deferred tax liabilities that are expected to be recorded in this acquisition and that are expected to support realization of a portion of Broadpoint's net deferred tax assets. This adjustment has not been reflected in the pro forma income statement due to its nonrecurring nature.

(R) Adjustment to record the fair value of the future payment of $10 million to the stockholders of Gleacher subject to terms of the purchase agreement.

(S) Adjustment to record the fair market value of the 23.0 million shares issued in the transaction with adjustments for impact of transfer restrictions.

(T) Adjustment to record deferred taxes recorded as the result of the acquisition.

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis for Pro Forma Presentation

The unaudited pro forma condensed combined financial information related to the Transaction is presented as of and for the year ended December 31, 2008. The pro forma adjustments consist of the necessary adjustments necessary to combine the Company and Gleacher including:

As consideration for their interests in Gleacher and Gleacher Holdings LLC:

- at the closing of the Transaction, the Company will pay to the stockholders of Gleacher and the Holders $10,000,000 in cash. The Company will pay to such parties an additional $10,000,000 in cash after five years, subject to acceleration under certain circumstances. The cash consideration is subject to adjustment, as provided in the Merger Agreement, based on the cash net book value of Gleacher at the closing at the Transaction; and

- the Company will issue 23,000,000 shares of common stock of the Company to the stockholders of Gleacher and the Holders, and such stock consideration will be subject to a five year lock-up period, subject to acceleration under certain circumstances.

The Transaction will be accounted for using the purchase method of accounting. Accordingly, the Company's cost to acquire Gleacher will be allocated to the assets (including identifiable intangible assets) and liabilities of Gleacher at their respective fair values on the date that the Transaction is consummated.

The unaudited pro forma condensed combined financial information includes adjustments to record the assets and liabilities of Gleacher at their respective fair values and represents management's estimates based on available information. The pro forma adjustments included herein may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the Transaction is consummated and after completion of a final analysis to determine the fair values of Gleacher's tangible, and identifiable intangible, assets and liabilities as of the date on which the Transaction is consummated. Accordingly, the final purchase accounting adjustments may be materially different from the pro forma adjustments presented in this Information Statement. Increases and decreases in the fair value of net assets and other items of Gleacher as compared to information shown in this Information Statement may impact the Company's statement of income due to amortization of the adjusted assets or liabilities.

Certain amounts in the historical consolidated financial statements of Gleacher have been reclassified to conform to the Company's historical financial information presentation. The

unaudited pro forma condensed combined financial information presented in this document does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Transaction actually been completed at the beginning of the applicable period presented, nor is it indicative of the results of operations in future periods or the future financial position of the combined company.

Note 2. Pro Forma Adjustments

The unaudited pro forma condensed combined financial information for the Transaction includes the pro forma balance sheet as of December 31, 2008 assuming the Transaction was consummated on December 31, 2008. The unaudited pro forma combined condensed income statements for the year ended December 31, 2008 give effect to the Transaction as if the Transaction had been consummated January 1, 2008.

DIRECTORS AND EXECUTIVE OFFICERS

Appointment of Eric Gleacher to the Company Board as Chairman of the Board

Pursuant to the terms of the Merger Agreement, the Company has agreed to appoint Mr. Gleacher to its Board of Directors and designate him Chairman of the Board of Directors, effective at the time of the closing of the Transaction. In connection therewith, the Company agreed to appoint Mr. Gleacher to the class of directors with a term expiring in 2011 (Class I), and also agreed that the Board of Directors of the Company would not take any action to remove Mr. Gleacher as a director for so long as he is employed under the Gleacher Employment Agreement (see "The Merger Agreement and Related Agreements -- Employment Arrangements with Eric Gleacher" for further information regarding the Gleacher Employment Agreement).

Although the Merger Agreement provides that Mr. Gleacher will be appointed to Class I, the parties have agreed that Mr. Gleacher will be nominated instead for election at the Company's 2009 annual meeting of shareholders as a Class II director, with a term expiring in 2012. MatlinPatterson FA Acquisition LLC, our controlling shareholder, has indicated that it intends to vote all shares of the Company that it owns in favor of Mr. Gleacher's election to the Board of Directors at the Company's 2009 annual meeting of shareholders. Mr. Gleacher will be designated Chairman of the Board of Directors promptly after the later to occur of (1) his election to the Board of Directors and (2) the closing of the Transaction.

Mr. Gleacher will not qualify as an "independent director" as defined in the NASDAQ Stock Market listing standards.

Additional Information on Mr. Gleacher

Mr. Gleacher, age 68, is Chairman of Gleacher Partners, which he founded in 1990. Previously, Mr. Gleacher founded the M&A department at Lehman Brothers in 1978 and headed global M&A at Morgan Stanley from 1985 to 1990. Mr. Gleacher is Chairman of the Institute for Sports Medicine at the Hospital for Special Surgery in New York, Chairman of the Ransome Scholarship Trust for St. Andrews University in St. Andrews, Scotland and a member of the Board of Trustees of Northwestern University. Mr. Gleacher received an MBA from The University of Chicago and a BA from Northwestern University and served as a U.S. Marine infantry officer in the 1960s.

Employment Agreement with Mr. Gleacher

Concurrently with the execution of the Merger Agreement, the Company entered into the Gleacher Employment Agreement, effective as of the closing of the Transaction. For further information regarding the Gleacher Employment Agreement, see "The Merger Agreement and Related Agreements -- Employment Arrangements with Eric Gleacher."

Compensation Discussion & Analysis

This Compensation Discussion and Analysis describes and analyzes the objectives, practices, policies and decisions relating to compensation awards to Eric Gleacher, who will be one of the Company's executive officers upon the closing of the Transaction. The executive

officers of the Company are collectively referred to as our "named executive officers" or "NEOs". The Executive Compensation Committee of the Board of Directors of the Company (the "Executive Compensation Committee") is responsible for approving all compensation awarded to our NEOs

In March 2009, the Company entered into the Gleacher Employment Agreement (effective as of the closing of the Transaction, and described in this Information Statement in the section titled "The Merger Agreement and Related Agreements -- Employment Arrangements with Eric Gleacher"). The Gleacher Employment Agreement was structured to incentivize Mr. Gleacher in his new role as a senior member of the Company's Investment Banking Division.

Compensation Philosophy. Fiscal year 2008 was a historically difficult year for the U.S. and global economy, characterized by a major lack of liquidity, substantially volatile and decreased asset values in nearly all asset classes, and a significant reduction in consumer and investor confidence; 2008 was also a challenging year for the Company, but in many different ways. The Company accomplished an enormous amount in 2008, while repositioning itself for the future. The Company's overall compensation philosophy of pay for performance has not changed, and the Company's compensation practice continues to evolve to reflect the realities of the marketplace and the Company's position in the markets it serves.

Objectives of the Compensation Program. In an effort to correlate executive compensation to the performance of the Company, the Executive Compensation Committee considers a number of different objectives it believes contribute to the financial well-being of the Company. In particular, the Executive Compensation Committee may reward executives for continued improvement in some or all of the following Company-wide performance measures, among others, by:

- paying for Company and individual performance;
- providing for long-term incentives and retention;
- aligning executive interests with shareholders' interests; and
- competing effectively for key talent.

In addition, the Executive Compensation Committee recognizes that individual performance and contributions made by the NEOs in connection with implementing the Company's strategic plan may not always be reflected in the objectives described above. The Executive Compensation Committee, therefore, also examines the growth and development of the business in relation to the Company's strategic plan and seeks to reward executives who contribute to improvements in relation thereto and, consequently, to the performance of the Company as a whole.

The compensation program for the NEOs is designed to attract, retain and reward talented executives who have the experience and ability to contribute materially to the Company's long-term success and thereby build value for its shareholders. The program is intended to provide competitive base salaries as well as short- and long-term incentives which align management and shareholder objectives and provide the opportunity for NEOs to participate in the success of the

Company. In 2008, the Company attempted to meet these objectives during a period of unprecedented challenges, including a U.S. and global economic recession.

Peer Group Companies. As part of its analysis, the Executive Compensation Committee compares the NEOs' compensation to the compensation of executive officers performing similar functions among a peer group of other publicly traded investment banks. This comparison takes into account the performance of the Company relative to the other companies, the executives' comparative roles, responsibilities and performance at such companies, and the market size and composition data for such comparable companies. The Executive Compensation Committee reviews such companies' compensation for comparison purposes but this review is not the determining factor as it is only one of many factors that are considered by the Executive Compensation Committee in setting compensation.

The peer group companies reviewed by the Executive Compensation Committee during the year included: Piper Jaffray Companies, Rodman & Renshaw Capital Group, Inc., JMP Group Inc., Stifel Financial Corp. and Cowen Group Inc. The peer group companies are all publicly traded investment banking companies that compete with the Company.

Relationship of Compensation Rewards to Objectives. Each element of compensation described below is designed to reward different results as summarized below:

Compensation Element	Designed to Reward	Relationship to the Objectives
Base Salary	Experience, knowledge of the industry, duties and scope of responsibility	Provides a minimum, fixed level of cash compensation to attract and retain talented executives to the Company
Annual Cash Bonus	Successful performance of objectives over the course of the applicable fiscal year	Motivate and reward executives for achieving objectives
Long-term Incentive Compensation	Continued excellence and attainment of objectives over time	Motivate and reward executives to achieve long-term objectives
	Success in long-term growth and development	Align the executives' interests with long-term stockholder interests in order to increase overall stockholder value
		Provide competitive compensation to attract and retain talented executives

Compensation Elements. In the financial services industry, base salaries tend to be a relatively modest portion of the total compensation of a company's employees, including its executive officers, as compared to annual cash bonuses and equity-related grants. Base salaries at the Company are typically set at levels that the Executive Compensation Committee believes are generally competitive with those of executives in similar positions at comparable financial services companies. A significant portion of the total compensation has been historically paid in the form of annual cash bonuses. This practice is intended to maximize the portion of an individual's compensation that is subject to fluctuation each year based upon corporate and individual performance. Equity-related grants make up the other important component of total

compensation and focus on longer-term company objectives. As a result, the predominant portion of our executive officers' compensation is directly related to short- and long-term corporate performance.

We continue to believe that the compensation of our executive officers should be structured to link the executives' financial reward directly to the performance of the business unit they lead or, as the case may be, to the performance of the Company as a whole as well as to their individual performance. Each element of compensation paid to the Company's executive officers is designed to support one or more of the objectives described above.

Review. All of the compensation elements awarded to the NEOs is subject to review by the Executive Compensation Committee. The Executive Compensation Committee believes that each NEO's compensation package is reasonable and appropriate and that it is aligned with the interests of the Company's shareholders.

Base Salary. Base salaries are typically set by reference to job positions within the Company with increases as a reward for superior performance or as a means to attract or retain necessary executive talent. The Executive Compensation Committee considers the Chief Executive Officer's recommendations in determining the salary of each of the other executive officers. Pursuant to the Gleacher Employment Agreement, Mr. Gleacher's initial base salary will be $350,000, and will be reviewed each year and may be adjusted upward from time to time at the discretion of the Chief Executive Officer of the Company and, where appropriate, the Executive Compensation Committee.

Annual Cash Bonus. The Executive Compensation Committee is charged with determining the appropriate annual bonus payments, if any, to the Company's executive officers. The specific bonus an executive receives is determined by the Executive Compensation Committee with reference to his level of responsibility, individual performance and the performance of his or her business unit and/or the Company. The Executive Compensation Committee evaluates levels of responsibility annually. The Executive Compensation Committee also makes assessments of individual performance annually after receiving the recommendations of the Chief Executive Officer. The approved recommendations are based on a number of factors, including the achievement of pre-established individual and corporate performance targets, but also initiative, business judgment, management skills and potential contribution to the firm. Under the terms of the Gleacher Employment Agreement, Mr. Gleacher will participate in the annual bonus pool for the Investment Banking Division. The amount of his annual bonus will be determined under terms and conditions developed by the Executive Compensation Committee, as recommended by the Chief Executive Officer of the Company.

Long-Term Equity Incentives.

Annual Grants. The Company had historically relied upon annual grants of stock options and then, in the last several years, restricted stock and restricted stock units to retain its executive officers and to focus them on increasing shareholder value over the long term. Historically, these grants were made in mid-February in conjunction with the payment of annual cash bonuses for the prior fiscal year and were based upon job level, and Company and individual performance during the prior fiscal year.

Deferred Compensation Plans. Historically, the Company offered its employees, including its executive officers, tax planning opportunities through nonqualified deferred compensation plans. It first adopted the Deferred Compensation Plan for Key Employees and the Deferred Compensation Plans for Professional and Other Highly Compensated Employees (the "Predecessor Plans"). It then froze these plans in 2005 and adopted new plans (the 2005 Deferred Compensation Plan for Key Employees (the "Key Plan") and the 2005 Deferred Compensation Plan for Professional and Other Highly Compensated Employees (the "Professional Plan") (collectively, the "2005 Plans")) as a result of changes in the tax laws. However, the Company has decided to freeze the 2005 Plans as well. As a result of declining participation, the costs of administrating the 2005 Plans were determined to outweigh the benefits of maintaining them.

Equity-Based Awards Policy. The Executive Compensation Committee makes specific stock option, restricted stock and other equity-based awards (the "Equity-Based Awards") to employees of the Company. The Board of Directors also approves all Equity-Based Awards made to executive officers. Management of the Company provides recommendations to the Executive Compensation Committee with respect to the Equity-Based Awards and the Executive Compensation Committee meets as necessary to consider such awards on a timely basis. Equity-Based Awards approved by the Executive Compensation Committee were generally granted as of the date of approval, and the exercise price of any Equity-Based Awards (as applicable) awarded was fixed as of the closing price on the date of grant.

Termination of Employment; Change in Control. The Company does not have a severance plan or change in control plan in place for its employees or its executive officers generally. Under the Gleacher Employment Agreement, Mr. Gleacher is entitled to certain severance payments upon certain terminations of his employment (see "The Merger Agreement and Related Agreements -- Employment Arrangements with Eric Gleacher"). Equity compensation awards granted to Mr. Gleacher may also vest upon certain terminations of his employment or a change in control of the Company pursuant to their terms. The Company believed it necessary to provide Mr. Gleacher with these protections in order to secure his employment as a senior member of the Investment Banking Division of the Company, and in light of his anticipated contributions to the future success of our Company.

Tax and Accounting. Section 162(m) of the Code places a limit on the tax deduction for compensation in excess of $1 million paid to certain "covered employees" of a publicly held corporation (generally the corporation's chief executive officer and its next four most highly compensated executive officers in the year that the compensation is paid). Compensation that is considered qualified "performance-based compensation" generally does not count toward the Section 162(m) $1 million deduction limit. While the Company is mindful of the limitations that Section 162(m) may have on the deductibility of compensation, the Company also determined that other reasons for compensation structure could sometimes take precedence over potential tax deductions. The Senior Management Bonus Plan is designed so that annual bonus compensation paid to our covered employees may be considered qualified performance-based compensation within the meaning of Section 162(m). Similarly, the 2007 Incentive Compensation Plan is designed so that awards may be considered performance based compensation.

The Company's Board of Directors and Committees of the Board

Because MatlinPatterson controls more than 50% of the voting power of our common stock, we are a "controlled company" within the meaning of the Nasdaq Marketplace Rules. Under the Nasdaq Marketplace Rules, a controlled company is a company of which more than 50% of the voting power is held by an individual, a group or another company. Under such rules, a controlled company may elect not to comply with certain Nasdaq corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended by a majority of the independent directors or by a nominating committee composed solely of independent directors. Because the Company is a controlled company, we have chosen to rely on this exemption to these Nasdaq corporate governance requirements. Following the consummation of the Transaction, we expect that MatlinPatterson will own less than 50% of the voting power of our common stock, and therefore we will no longer be a "controlled company" within the meaning of the Nasdaq Marketplace Rules. See "Special Factors -- General Changes Resulting from the Transaction".

The Board of Directors has three standing committees: the Audit Committee, the Executive Compensation Committee and the Committee on Directors and Corporate Governance.

Each committee described below operates under a written charter adopted by the Board, and each such charter was amended and restated in December 2007. The current charter of each of the committees is available on the Company's website (www.bpsg.com).

The Committee on Directors and Corporate Governance. The Board established the Committee on Directors and Corporate Governance in fiscal year 2002. The primary purposes of the Committee are to assist the Board of Directors in developing and implementing policies and procedures intended to assure that the Board of Directors, including its standing committees, will be appropriately constituted and organized to meet its fiduciary obligations to the Company and its shareholders on an ongoing basis; and to develop and recommend to the Board of Directors for adoption corporate governance guidelines. Among its specific duties, the committee determines criteria for service as director, reviews candidates and considers appropriate governance practices. The committee also oversees the evaluation of the performance of the Board of Directors and Chief Executive Officer and annually reviews the Company's Corporate Governance Guidelines, reporting to the Board any recommended changes. The committee considers nominees for directors proposed by shareholders. To recommend a prospective nominee for the committee's consideration, shareholders should submit the candidate's name and qualifications to the Company's Corporate Secretary in writing to the following address: Broadpoint Securities Group, Inc., 12 East 49th Street, 31st Floor New York, New York 10017, Attn: Corporate Secretary.

Currently, the committee is comprised of Mr. Plimpton, who serves as Chair, and Mr. Pechock. In identifying and recommending nominees for positions on the Board of Directors, the committee places primary emphasis on the criteria set forth in our Corporate

Governance Guidelines which include judgment, diversity, age and skills, all in the context of an assessment of the perceived needs of the Board. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration. The committee held three meetings during 2008.

The Audit Committee. The Audit Committee operates pursuant to a written charter that the Committee and the Board reviews each year to assess its adequacy. Among the primary purposes of the Audit Committee are assisting the Board of Directors in its oversight of the integrity of the Company's financial reporting process; the Company's systems of internal accounting and financial controls; the annual independent audit of the Company's financial statements; the independent registered public accounting firm's qualifications and independence; the Company's compliance with legal and regulatory requirements; and the Company's management of market, credit, liquidity and other financial and operational risks. In addition, the Audit Committee decides whether to appoint, retain or terminate the Company's independent registered public accounting firm and pre-approves all audit, audit-related, tax and other services, if any, to be provided by the independent registered public accounting firm. The Audit Committee also prepares the Audit Committee report required by the rules of the Securities and Exchange Commission ("SEC") for inclusion in the Company's annual proxy statement.

Until October 14, 2008, this committee was comprised of Mr. Yingling, who served as Chair, and Messrs. Kutnick and Nesmith. Mr. Nesmith ceased to be a director on October 14, 2008. Currently, this committee is comprised of Messrs. Yingling (who serves as Chair), Kutnick and Mandel. Each member of the Audit Committee is an "independent director" as defined in the NASDAQ Stock Market listing standards, and is independent within the meaning of Rule 10A-3 under the Exchange Act and the Company's Corporate Governance Guidelines. Each member of the Audit Committee is qualified as an audit committee financial expert within the meaning of Item 401(h) of Regulation S-K under the Exchange Act, and the Board has determined that they have accounting and related financial management expertise within the meaning of the NASDAQ Stock Market listing standards. The Audit Committee met 15 times during 2008.

The Executive Compensation Committee. Under its charter, the primary purposes of the Executive Compensation Committee is to discharge the responsibilities of the Board of Directors relating to compensation, including implementing and reviewing executive compensation plans, policies and programs to ensure the attraction and retention of executive officers in a reasonable and cost-effective manner, to motivate their performance in the achievement of the Company's business objectives and to align the interest of executive officers with the long-term interests of the Company's shareholders. The committee develops and approves periodically a general compensation policy and salary structure for executive officers of the Company and reviews and approves base salaries and salary increases for, and perquisites offered to, executive officers. The committee reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of those goals and objectives and establishes the individual elements of the Chief Executive Officer's total compensation based on this evaluation. The committee also reviews and makes recommendations to the Board of Directors with respect to non-Chief Executive Officer compensation, incentive-compensation plans and equity-based plans and reviews and supervises, in coordination with management, the overall compensation policies of the Company. The committee also administers the Company's 1999 Long-Term Incentive Plan, 2001 Long-Term

Incentive Plan, Management Bonus Compensation Plan, Deferred Compensation Plan for Key Employees and the 2007 Incentive Compensation Plan. In addition, the committee also prepares its report regarding the Compensation Discussion and Analysis as required by the rules and regulations of the SEC.

The committee may form, and delegate authority to, subcommittees when it deems appropriate. The committee has the authority to retain and terminate compensation consultants to assist in the evaluation of Director, CEO or executive officer compensation, including sole authority to approve the consultants' fees and other retention terms. The committee also has authority to obtain advice and assistance from any officer or employee of the Company or any outside legal expert or other adviser.

The committee is currently comprised of Mr. Pechock, who serves as Chair, and Mr. Plimpton. During the year 2008, the committee met 11 times.

Shareholder Communications

The Company has also adopted a procedure by which shareholders may send communications as defined within Item 407(f) of Regulation S-K under the Exchange Act, to one or more members of the Board of Directors by writing to such director(s) or to the whole Board of Directors in care of the Company's Corporate Secretary at the following address: Broadpoint Securities Group, Inc., 12 East 49th Street, 31st Floor New York, New York 10017, Attn: Corporate Secretary. Any such communications will be promptly distributed by the Corporate Secretary to such individual director(s) or to all directors if addressed to the whole Board of Directors.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO OUR SHAREHOLDERS

There will be no U.S. federal income tax consequences to a holder of our stock as a result of the Transaction.

The Merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code in which Gleacher is treated as merging directly with and into the Company. It is a condition to the obligations of the Selling Parties to complete the Transaction that Gleacher receive an opinion of counsel that the Merger will be treated as a “reorganization” within the meaning of the Code. No ruling has been or will be sought from the Internal Revenue Service, and we are not obtaining an opinion of counsel, on the tax consequences of the Transaction.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this Information Statement certain documents we file with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this Information Statement, and later information that we file with the SEC, prior to the closing of the Transaction, will automatically update and supersede that information. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Information Statement and prior to closing of the Transaction. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as information or proxy statements (except for information furnished to the SEC that is not deemed to be "filed" for purposes of the Exchange Act).

- Our Annual Reports on Form 10-K for the fiscal years ended December 31, 2006, December 31, 2007 and December 31, 2008; and

- Our Current Reports on Form 8-K dated February 24, 2009, March 3, 2009 and March 4, 2009.

Any person, including any beneficial owner, to whom this Information Statement is delivered may request copies of reports, proxy statements or other information concerning us, without charge, as described below in "Where You Can Obtain Additional Information."

FORWARD-LOOKING STATEMENTS

This Information Statement contains “forward-looking statements.” These statements are not historical facts but instead represent the Company’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. The Company’s forward-looking statements are subject to various risks and uncertainties, including:

- the conditions of the securities markets, generally, and acceptance of the Company’s services within those markets;
- the effect of the announcement of the Transaction on the Company’s business relationships, operating results and business generally;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the amount of the costs, fees, expenses and charges related to the Transaction;
- the Company’s ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger;

and other risks and factors identified from time to time in the Company’s filings with the SEC. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in its forward-looking statements. This Information Statement also contains statements which contemplate that the Transaction will be completed. The Transaction is subject to regulatory and other customary closing conditions. There can be no assurance that the Transaction will be completed. You are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update any of its forward-looking statements.

SHAREHOLDERS SHARING AN ADDRESS

The Company will deliver only one Information Statement to multiple shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. The Company undertakes to deliver promptly, upon written or oral request, a separate copy of the Information Statement to a shareholder at a shared address to which a single copy of the Information Statement is delivered. A shareholder can notify the Company that the shareholder wishes to receive a separate copy of this Information Statement, or a future information statement, by written request directed to the Secretary of the Company, 12 East 49th Street, 31st Floor, New York, New York 10117 or by telephone at (212) 273-7178. Likewise, shareholders sharing an address who are receiving multiple copies of this Information Statement and wish to receive a single copy of future information statements may notify the Company at the address and telephone number listed above.

WHERE YOU CAN OBTAIN ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's website at http://www.sec.gov.

You may obtain any of the documents we file with the SEC, without charge, by requesting them in writing or by telephone from us at the following address:

Corporate Secretary
Broadpoint Securities Group, Inc.
12 East 49th Street, 31st Floor
New York, New York 10117
(212) 273-7178

We have not authorized anyone to provide you with information that is different from what is contained in this Information Statement. This Information Statement is dated [l], 2009. You should not assume that the information contained in this Information Statement is accurate as of any date other than that date, and the mailing of this Information Statement to our shareholders does not create any implication to the contrary.

INDEX TO FINANCIAL STATEMENTS OF GLEACHER PARTNERS INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Stockholders Gleacher Partners Inc.

We have audited the accompanying consolidated statement of financial condition of Gleacher Partners Inc. and subsidiaries (the "Company") as of December 31, 2008, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gleacher Partners Inc. and subsidiaries as of December 31, 2008, and the consolidated results of their operations and their consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New York, New York
March 19, 2009

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Consolidated Statement of Financial Condition
December 31, 2008
(expressed in United States dollars)

ASSETS	
Cash and cash equivalents	$ 5,914,335
Accounts receivable (net of allowance of $49,189)	341,101
Prepaid expenses and other assets	159,879
Total current assets	6,415,315
Furniture, equipment and leasehold improvements, net	399,946
	$ 6,815,261
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accrued compensation and benefits	$ 1,469,061
Accounts payable and accrued liabilities	314,025
Current maturity of bank loan	312,500
Deferred revenue	123,504
Total current liabilities	2,219,090
Long-term debt, net of current maturity:	
Bank loan	312,500
Note payable - stockholder (including accrued interest of $424,170)	2,769,686
Total liabilities	5,301,276
Minority interest in consolidated subsidiary	362,449
Commitments and contingencies (Notes D and K)	
Stockholders' equity:	
Common stock; $.01 par value, authorized 100,000 shares, issued and outstanding 28,132 shares	281
Additional paid-in capital	2,439,904
Accumulated deficit	(1,714,579)
Accumulated other comprehensive income	425,930
Total stockholders' equity	1,151,536
	$ 6,815,261

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Consolidated Statement of Operations
Year Ended December 31, 2008
(expressed in United States dollars)

Revenues:	
Advisory fees	$ 13,947,281
Interest income	71,998
Other	361,952
	14,381,231
Expenses:	
Compensation and benefits	9,278,173
Rent and occupancy	2,050,402
Professional fees	1,051,284
Communication and research	490,061
Other	1,497,113
	14,367,033
Operating income	14,198
Interest expense	253,498
Loss before loss attributable to minority interestholders and provision for income taxes	(239,300)
Provision for income taxes	56,290
Net loss before loss attributable to minority interestholders	(295,590)
Loss attributable to minority interestholders	2,871
Net loss	$ (292,719)

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Consolidated Statement of Changes in Stockholders' Equity
Year Ended December 31, 2008
(expressed in United States dollars)

	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive Income		Comprehensive Income
	Shares	Amount	Capital	Deficit	(Loss)	Total	(Loss)
Balance - January 1, 2008	30,132	$ 301	$ 2,639,927	$ (1,421,860)	$ 443,044	$ 1,661,412	
Repurchase of common stock	(2,000)	(20)	(200,023)			(200,043)	
Net loss				(292,719)		(292,719)	$ (292,719)
Foreign currency translation adjustment					(17,114)	(17,114)	(17,114)
Total comprehensive loss							$ (309,833)
Balance - December 31, 2008	28,132	$ 281	$ 2,439,904	$ (1,714,579)	$ 425,930	$ 1,151,536	

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
Year Ended December 31, 2008
(expressed in United States dollars)

Cash flows from operating activities:	
Net loss	$ (292,719)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	177,977
Loss attributable to minority interestholders	(2,871)
Accrued interest on note payable - stockholder	205,162
Realized gain on sale of investments	(4,225)
Changes in:	
Accounts receivable	338,628
Prepaid expenses and other assets	28,599
Accrued compensation and benefits	292,304
Accounts payable and accrued liabilities	(60,669)
Deferred revenue	(138,595)
Net cash provided by operating activities	543,591
Cash flows from investing activities:	
Purchases of furniture & equipment	(31,457)
Proceeds from sale of investments	170,079
Net cash provided by investing activities	138,622
Cash flows from financing activities:	
Principal payment of bank loan	(312,500)
Stock repurchase	(200,043)
Net cash used in financing activities	(512,543)
Effects of exchange rate changes on cash	(17,114)
Net increase in cash and cash equivalents	152,556
Cash and cash equivalents - beginning of year	5,761,779
Cash and cash equivalents - end of year	$ 5,914,335
Supplemental cash flow disclosures:	
Cash paid for interest	$ 48,337
Cash paid for taxes	$ 56,290

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2008

NOTE A - ORGANIZATION

Gleacher Partners Inc. (the "Company"), is a Delaware Corporation. The Company has no operations and is primarily a holding Company. The Company owns 89.9% of Gleacher Holdings LLC ("GH LLC"), and the remaining 10.1% of GH LLC represents ownership by two professionals employed by Gleacher Partners LLC ("GP LLC"). GH LLC owns 100% of GP LLC, Gleacher Partners (Asia) Limited and Gleacher Partners Ltd.

GP LLC is the operating entity which is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). GP LLC does not carry customer accounts; as such, it claims exemption from SEC Rule 15c3-3 pursuant to Section k(2)(ii) of that rule. GP LLC provides corporate and investment banking advisory services.

Gleacher Partners Ltd. ("GP Ltd") is an entity registered in the United Kingdom. Operations in the United Kingdom ceased in early 2007. GP Ltd is in the process of being liquidated. Gleacher Partners (Asia) Limited ("GP Asia") was registered in Hong Kong. GP Asia has not conducted any operations since inception and was dissolved on February 13, 2009.

GH LLC maintains the operating lease and fixed assets for the Company. GH LLC does not earn revenues except for rental income through sub-lease of its office premises.

The accompanying consolidated financial statements include the accounts of the Company and its wholly- and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[2] Revenue recognition:

The Company recognizes and records advisory service revenues and expenses based on service agreements. Rental income is recognized in the month earned pursuant to lease agreements and reflected in other income.

[3] Cash and cash equivalents:

Cash and cash equivalents consist of operating cash, and a certificate of deposit with a bank. Terms of the certificate of deposit provide for withdrawal of funds at any time without penalty.

[4] Furniture, equipment and leasehold improvements:

Furniture and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives, generally five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives, or the remaining term of the lease.

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Impairment of long lived assets:

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"), the Company records impairment losses on long-lived assets used in operations or expected to be disposed of when indicators of impairment exist and the cash flows expected to be derived from those assets are less than carrying amounts of those assets. The Company has not recorded any impairment charge for the year ended December 31, 2008.

[6] Income taxes:

The Company is a Subchapter S Corporation pursuant to the Internal Revenue Code. As such, the shareholders are responsible for income taxes that result from the Company's operations. Accordingly, no provision for federal and state income taxes has been made in the accompanying consolidated financial statements. Appropriate provision for local taxes has been made.

[7] Foreign currency translation:

The functional currency of the Company's foreign subsidiary ("GP Ltd") is the local country's currency, the British Pound. In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" ("FAS 52"), the assets and liabilities of the Company's international subsidiaries are translated at their respective period-end exchange rates, and expenses are translated at average currency exchange rates for the period. The resulting balance sheet translation adjustments are included in "Comprehensive income (loss)" and are reflected as a separate component of stockholders' equity (deficit). Foreign currency transaction gains and losses are included in results of operations.

[8] Allowance for doubtful accounts:

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit issues based on historical trends.

NOTE C - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements consist of:

	December 31, 2008
Furniture and equipment	$ 1,848,525
Leasehold improvements	420,308
	2,268,833

Less: accumulated depreciation and amortization	1,868,887
	$ 399,946

Depreciation and amortization expense for the year ended December 31, 2008 amounted to $177,977.

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2008

NOTE D - BANK LOANS, LINE OF CREDIT AND NOTE PAYABLE

GH LLC is indebted to a bank pursuant to a promissory note dated December 27, 2006. Principal payments of $312,500 are due on the anniversary of the note in 2009 and 2010. Interest is charged at the three-month LIBOR rate plus 1.5% and is paid monthly. Additionally, GH LLC has a $2,000,000 line of credit with the same bank. Terms of the line of credit require GH LLC to maintain a zero balance for at least 30 days during each year. GH LLC drew down $500,000 which was outstanding for 26 days during 2008. Interest on outstanding amounts is charged at the three-month LIBOR plus 1.5% and is paid monthly. There was no balance outstanding on the line of credit at December 31, 2008. The line of credit expires on July 5, 2009.

On January 3, 2006, the Company repurchased 33,000 shares from the majority shareholder in return for a promissory note in the amount of $3,413,516. The note carried interest at 4.48% per annum with annual principal amortization of $682,703. The Company paid $152,925 in interest on the note on December 29, 2006. On January 3, 2007, the note was renegotiated with interest, calculated at 8% per annum, and the remaining principal is due on January 3, 2011. On May 14, 2007, the Company issued shares to the stockholder whereby the principal of the note was reduced by $1,068,000. During 2007 and 2008, the Company accrued interest of $219,008 and $205,162 respectively, on the note. At December 31, 2008, the outstanding balance on the note is $2,769,686 which includes $424,170 of accrued interest.

Scheduled maturities of the principal on the note payable and bank loan are as follows:

Year Ending December 31,	Amount	
2009	$	312,500
2010		312,500
2011		2,769,686
	$	3,394,686

NOTE E - DEFERRED REVENUE

Management fees related to the Mezzanine Investment Funds are paid to GP LLC every six months, in advance. Deferred revenue on the accompanying consolidated statement of financial condition represents the unearned portion of these management fees. Management fees earned were approximately $403,000 for the year ended December 31, 2008 and are included in advisory fees in the accompanying consolidated statement of operations.

NOTE F - REGULATORY REQUIREMENTS

As a broker-dealer registered with the SEC and the National Association of Securities Dealers, Inc., GP LLC is subject to the SEC Uniform Net Capital Rule 15c3-1 (the "Rule") and has elected to compute its net capital based upon the alternative method pursuant to SEC Rule 15c3-3. The Rule requires the maintenance of minimum net capital calculated at the greater of $250,000 or 2% of aggregate debit items. At December 31, 2008, GP LLC had net capital

of $3,945,215 which was $3,695,215 in excess of its required net capital of $250,000.

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2008

NOTE G - RETIREMENT PLAN

Employees of GP LLC may elect to participate in a defined contribution plan which meets the requirements of Section 401(k) of the Internal Revenue Code (the "Plan"). The Company may contribute a match of up to 3% of eligible employee compensation that vests over a three-year period as defined in the Plan. For the year ended December 31, 2008, management has elected not to match employee contributions.

NOTE H - RELATED PARTY TRANSACTIONS

The Company has entered into various service agreements with affiliates. The affiliates provide certain administrative services to the Company, including the use of premises and fixed assets and payment to certain third-party vendors for which the Company provides reimbursement. Total payments to these affiliates for the year ended December 31, 2008 were approximately $1,688,000.

The Company periodically advances funds for short term operations of affiliates that are reimbursable to the Company. Included on the consolidated statement of financial condition is a due from affiliates of approximately $157,000 which relates to reimbursable advances made by the Company and due to affiliates of approximately $34,000 which relates to reimbursement of amounts funded on behalf of the Company.

NOTE I - EQUITY

At December 31, 2008, the Company had 28,132 shares issued and outstanding. According to the stockholder agreement, no stockholder has a right to directly or indirectly sell, assign, pledge or transfer all or any shares without prior consent of the Board of Directors. The Board of Directors has the right to call the shares at its sole discretion by giving a 14-day written notice to the stockholder. Moreover, the Board of Directors has the sole discretion to take any action it deems necessary regarding the shares in case of a liquidating event. In the event of a change in control and the Board of Directors calls the shares, the Company may be required to recognize compensation cost based on guidance in SFAS 123(R), "Share-Based Payment".

NOTE J - RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (''FASB'') issued SFAS No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1), inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2), and unobservable inputs for the asset and liability (Level 3). FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company believes the adoption of FAS 157 did not have a material effect on its financial statements.

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2008

NOTE J - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In July 2006, FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" ("FIN 48"), as amended, was issued and is effective for nonpublic entities for fiscal years beginning after December 15, 2008. FIN 48 sets forth a threshold for financial statement recognition, measurement and disclosure of a tax position taken or expected to be taken on a tax return. FIN 48 requires the managing member to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on technical merits of the position. FIN 48 must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to the Company's consolidated financial statements as of the beginning of the year of adoption. The Company does not expect that adoption of FIN 48 will result in a material impact on the Company's consolidated financial statements. However, the Company's conclusion may be subject to adjustment at a later date based on factors including additional implementation guidance from the Financial Accounting Standards Board and ongoing analyses of tax laws, regulations and related interpretations. No returns of the Company have been audited, therefore all years which are statutorily open are subject to examination by the appropriate taxing authorities. Any interest and penalties determined to result from uncertain tax positions will be classified as interest expense and other general and administrative expenses.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"). The fair value option established by FAS 159 permits, but does not require, all entities to choose to measure eligible items at fair value at specified election dates. An entity would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. FAS 159 is applicable to the Company from January 1, 2008. The Company did not elect to apply the fair value option to any eligible assets or liabilities.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("FAS 160"). This standard establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The Company is currently assessing the impact of the adoption of FAS 160 on the Company's financial position and results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("FAS 161"). FAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. FAS 161 also improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company is evaluating the impact of the adoption of FAS 161 on its consolidated financial statements but believes the adoption of FAS 161 will not have a material effect on its consolidated financial position and results of operations.

GLEACHER PARTNERS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2008

NOTE K - COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases:

Minimum annual rentals payable under non-cancelable operating leases for the Company's office space and equipment leases are the following:

Year Ending December 31,	Amount	
2009	$	1,602,768
2010		534,256
	$	2,137,024

The Company has entered into a sub-lease for a portion of its office space. Pursuant to the sub-lease the minimum annual rental income is as follows:

Year Ending December 31,	Amount	
2009	$	255,171
2010		85,548
	$	340,719

The Company is the beneficiary of letters of credit from the sub-tenant in the amount of $86,000 to secure the performance of the sub-lease.

NOTE L - SUBSEQUENT EVENTS

[1] Subsequent to December 31, 2008 and in a single transaction, the Company sold 19,798 shares of common stock to existing shareholders and received proceeds of $1,979,800.

[2] On March 3, 2009, the Company announced its merger with Broadpoint Securities Group, Inc. (BPSG on NASDAQ). Subject to receiving certain regulatory approvals, the deal is expected to close on or before June 30, 2009.

GLEACHER PARTNERS INC.

Consolidated Statement of Financial Condition - Unaudited
December 31, 2007

ASSETS	
Cash and cash equivalents	$ 5,761,779
Accounts receivable (net of allowance of $52,485)	679,734
Prepaid expenses and other assets	354,336
Furniture, equipment and leasehold improvements, net	546,466
TOTAL ASSETS	$ 7,342,315
LIABILITIES	
Current liabilities:	
Accrued compensation and benefits	$ 1,176,762
Accounts payable and accrued liabilities	374,698
Current maturities of long term debt	312,500
Deferred revenue	262,099
TOTAL CURRENT LIABILITIES	2,126,059
Long term debt, net of current maturities:	
Bank Loan	625,000
Note Payable – stockholder	2,564,524
TOTAL LIABILITIES	5,315,583
Minority Interest in consolidated subsidiary	365,320
STOCKHOLDERS' EQUITY	
Common Stock; $.01 par value, authorized 100,000 shares, issued 30,132 shares	301
Additional Paid in Capital	2,639,927
Retained Earnings	(1,421,860)
Other Comprehensive Income	443,044
TOTAL STOCKHOLDERS' EQUITY	1,661,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,342,315

GLEACHER PARTNERS INC.

Consolidated Statement of Operations - Unaudited
Year Ended December 31, 2007

Revenues:	
Advisory fees	$ 22,266,199
Interest income	200,493
Other	284,527
	22,751,219
Expenses:	
Compensation and benefits	15,427,296
Rent and occupancy	2,637,443
Professional fees	1,116,056
Communication and research	493,534
Loss on disposal of assets	1,137,058
Other	1,724,673
	22,536,060
Operating Income	215,159
Interest expense	315,256
Net loss before Minority Interest	(100,097)
Minority interest	(9,526)
Net Loss	$ (109,623)

GLEACHER PARTNERS INC.

Statement of Changes in Stockholders' Equity - Unaudited
Year Ended December 31, 2007

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Par Value				
Balance - December 31, 2006	18,294	$ 183	$ 1,432,278	$ (1,312,237)	$ 391,465	$ 535,689
Issue - 16,402 shares of Common Stock	16,402	164	1,640,036			1,640,200
Repurchase – 4,564 shares of Common Stock	(4,564)	(46)	(432,387)			(432,433)
Net Income (Loss)				$ (109,623)	51,579	(58,044)
Balance - December 31, 2007	30,132	$ 301	$ 2,639,927	$ (1,421,860)	$ 443,044	$ 1,661,412

GLEACHER PARTNERS INC.

Consolidated Statement of Cash Flows - Unaudited
Year Ended December 31, 2007

Cash flows from operating activities:	
Net loss	$ (109,623)
Add: Depreciation	180,394
Accrued interest on note payable - stockholder	219,008
Loss on disposal of leasehold and equipment	1,137,058
Minority interest	9,526
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in:	
Accounts receivable	1,608,081
Prepaid expenses and other	4,078
Accrued compensation and benefits	(293,472)
Accounts payable and accrued liabilities	(367,593)
Deferred revenue	(1,073,423)
Net cash provided by operating activities	1,314,034
Cash flows from financing activities:	
Proceeds from issuance of common stock	572,200
Proceeds from subsidiary equity issuance	215,000
Commons stock repurchase	(432,433)
Subsidiary equity interest repurchase	(287,609)
Net cash provided by financing activities	67,158
Cash flows from investing activities:	
Purchase of furniture & equipment	(120,579)
Purchase of investment and marketable securities	(175,542)
Net cash used for investing activities	(296,121)
Effects of exchange rate changes on cash	51,579
Net increase in cash and cash equivalents	1,136,650
Cash and cash equivalents - beginning of year	4,625,129
Cash and cash equivalents - end of year	$ 5,761,779
Supplemental cash flow disclosures:	
Cash paid for interest	$ 96,247

NOTES TO 2007 CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE A - ORGANIZATION

Gleacher Partners Inc. (the "Company"), is a Delaware Corporation. The Company owns 89.9% of Gleacher Holdings LLC (“GH LLC”), and the remaining 10.1% of GH LLC pertains to minority interest, which represents ownership by two professionals employed by Gleacher Partners LLC (“GP LLC”). GH LLC owns 100% of GP LLC, Gleacher Partners (Asia) Limited and Gleacher Partners Ltd.

GP LLC is the operating entity which is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority (“FINRA”). GP LLC does not carry customer accounts; as such, it claims exemption from SEC Rule 15c3-3 pursuant to Section k(2)(ii) of that rule. GP LLC provides corporate and investment banking advisory services.

Gleacher Partners Ltd (“GP Ltd”) is an entity registered in the United Kingdom. Operations in the United Kingdom ceased in early 2007. GP Ltd is in the process of being liquidated. Gleacher Partners (Asia) Limited (“GP Asia”) was registered in Hong Kong. GP Asia has not conducted any operations since inception and it was dissolved on February 13, 2009.

GH LLC maintains the operating lease and the fixed assets for the Company. GH LLC does not earn revenues except for the rental income through sub-lease of its office premises.

The accompanying consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[2] Revenue recognition:

The Company recognizes and records advisory service revenues and expenses based on service agreements. Rental income is recognized in the month earned pursuant to lease agreements and reflected in other income.

[3] Cash and cash equivalents:

Cash equivalents consist of operating cash, a deposit in a money market fund and an interest bearing account with a bank. Terms of the bank interest bearing account provide for withdrawal of funds at any time without penalty.

[4] Furniture, equipment and leasehold improvements

Furniture and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives, generally five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives, or the remaining term of the lease.

In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FAS 144"), the Company records impairment losses on long-lived assets used in operations or expected to be disposed of when indicators of impairment exist and the cash flows expected to be derived from those assets are less than carrying amounts of those assets. The Company has not recorded any impairment charge for the year ended December 31, 2007.

NOTES TO 2007 CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED - CONTINUED

[5] Income taxes:

The Company is a Subchapter S Corporation pursuant to the Internal Revenue Code. As such, the shareholders are responsible for income taxes that result from the Company's operations. Accordingly, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements. Appropriate provision for city taxes has been made.

[6] Foreign Currency Translation

The functional currency of the Company's foreign subsidiary is the local country's currency, the British Pound. In accordance with Statement of Financial Accounting Standards No. 52, Foreign Currency Translation ("FAS 52"), the assets and liabilities of the Company's international subsidiaries are translated at their respective period-end exchange rates, and expenses are translated at average currency exchange rates for the period. The resulting balance sheet translation adjustments are included in "Other comprehensive income (loss)" and are reflected as a separate component of stockholders' equity (deficit). Foreign currency transaction gains and losses are included in results of operations.

[7] Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit issues based on historical trends.

NOTE C – FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements consist of:

	December 31, 2007
Furniture and equipment	$ 1,817,068
Leasehold improvements	420,308
	2,237,376
Less: Accumulated depreciation and amortization	1,690,910
	$ 546,466

Depreciation and amortization expense for the period ended December 31, 2007 amounted to $180,394.

NOTE D – BANK LOANS, LINE OF CREDIT AND NOTE PAYABLE

GH LLC is indebted to Bank of America, NA pursuant to a promissory note dated December 27, 2006. Principal payments of $312,500 are each due on the anniversary of the note in 2008, 2009 and 2010. Interest is charged at 3 month LIBOR + 1.5% and interest is paid monthly. Additionally, GH LLC has a $2 million line of credit with Bank of America, NA. Terms of the line of credit call for GH LLC to maintain a zero outstanding balance for at least 30 days during each year. Interest on outstanding amounts is charged at the BBA LIBOR + 1.5% and is paid monthly.

On January 3, 2006 the Company repurchased 33,000 shares from the majority shareholder in return for a promissory note in the amount of $3,413,516. The note carried interest at 4.48% per annum with annual principal amortization of $682,703. The Company paid $152,925 in interest on the note on December 29, 2006. On January 3, 2007 the note was renegotiated with interest at 8% per annum and the principal due on January 3, 2011. On May 14, 2007 the Company issued shares to the stockholder whereby the principal of the note was reduced by $1,068,000. During 2007 the Company accrued interest of $219,008 on the note. At December 31, 2007 the outstanding balance on the note is $2,564,524 which includes $219,008 of accrued interest.

NOTES TO 2007 CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED - CONTINUED

Scheduled maturities of the principal on notes payable / subordinated debt are as follows:

Year Ending December 31,	Amount	
2008	$	312,500
2009		312,500
2010		312,500
2011		2,564,524
	$	3,502,024

NOTE E - DEFERRED REVENUE

Management fees related to the Mezzanine Investment Funds (“Mezzanine”) are paid to GP LLC every six months, in advance. Deferred revenue on the accompanying statement of financial condition represents the unearned portion of these management fees. Management fees earned were approximately $1,231,000 for the year ended December 31, 2007 and are included in advisory fees in the accompanying statement of operations.

NOTE F - REGULATORY REQUIREMENTS

As a broker-dealer registered with the SEC and the National Association of Securities Dealers, Inc., GP LLC is subject to the SEC Uniform Net Capital Rule 15c3-1 (the "Rule") and has elected to compute its net capital based upon the alternative method pursuant to SEC Rule 15c3-3. The Rule requires the maintenance of minimum net capital calculated at the greater of $250,000 or 2% of aggregate debit items. At December 31, 2007, GP LLC had net capital of $3,426,000 which was $3,176,000 in excess of its required net capital of $250,000.

NOTE G - RETIREMENT PLAN

Employees of GP LLC may elect to participate in a defined contribution plan which meets the requirements of Section 401(k) of the Internal Revenue Code (the "Plan"). The Company may contribute a match of up to 3% of eligible employee compensation that vests over a three-year period as defined in the Plan. For the year ended December 31, 2007, the Company contributed $108,000 to the Plan.

NOTE H - RELATED PARTY TRANSACTIONS

The Company has entered into various service agreements with affiliates. The affiliates provide certain administrative services to GP LLC, including the use of premises and fixed assets and payment to certain third-party vendors for which GP LLC provides reimbursement. Total payments with affiliates for the year ended December 31, 2007 were approximately $2,178,000.

Included in securities owned, at fair value, are investments in the Mezzanine Funds totaling approximately $161,000.

The Company periodically advances funds for short term operations of affiliates that are reimbursable to the Company. Included on the consolidated statement of financial condition is a due from affiliates of approximately $261,000.

NOTE I – EQUITY

At December 31, 2007, the Company had 30,132 shares issued and outstanding. According to the stockholder agreement, no stockholder has a right to directly or indirectly sell, assign, pledge or transfer all or any shares

NOTES TO 2007 CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED - CONTINUED

without prior consent of the Board of Directors. The Board of Directors has the right to call the shares at its sole discretion by giving a 14-day written notice to the stockholder.

NOTE J – RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1), inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2), and unobservable inputs for the asset and liability (Level 3). FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company believes the adoption of FAS 157 does not have a material effect on the financial statements.

In July 2006, Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109 ("FIN 48"), was issued and is effective for nonpublic entities for fiscal years beginning after December 15, 2007. FIN 48 sets forth a threshold for financial statement recognition, measurement and disclosure of a tax position taken or expected to be taken on a tax return. FIN 48 requires the Managing Member to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on technical merits of the position. FIN 48 must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to the Company's financial statements as of the beginning of the year of adoption. The Company does not expect that adoption of FIN 48 will result in a material impact on the Company's financial statements. However, the Company's conclusion may be subject to adjustment at a later date based on factors including additional implementation guidance from the Financial Accounting Standards Board and ongoing analyses of tax laws, regulations and related interpretations.

In February 2007 , the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ("FAS 159"). The fair value option established by FAS 159 permits, but does not require, all entities to choose to measure eligible items at fair value at specified election dates. An entity would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The Company did not elect the fair value option.

In December 2007 , the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51 ("FAS 160"). This standard establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2007. The Company is currently assessing the impact of the adoption of FAS 160 on the Company's financial position and results of operations.

Note K – Commitments and Contingent Liabilities

[1] Operating Leases:

Minimum annual rentals under non-cancelable operating leases for the Company's office space and equipment leases are the following:

Year Ending December 31,	Amount

2008	$	1,602,768
2009	$	1,602,768
2010	$	534,256

NOTES TO 2007 CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED - CONTINUED

The Company has entered into a sub-lease for a portion of its office space. Pursuant to the sub-lease the minimum annual rental income are as follows:

Year Ending December 31,	Amount	
2008	$	175,896
2009	$	255,171
2010	$	85,548

The Company is the beneficiary of letters of credit from the sub-tenant in the amount of $86,000 to secure the performance of the sub-lease.

ANNEX A – AGREEMENT AND PLAN OF MERGER

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

BROADPOINT SECURITIES GROUP, INC.,

MAGNOLIA ADVISORY LLC,

GLEACHER PARTNERS INC.,

CERTAIN STOCKHOLDERS OF GLEACHER PARTNERS INC.,

and

EACH OF THE HOLDERS OF INTERESTS IN GLEACHER HOLDINGS LLC

Dated as of March 2, 2009

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of March 2, 2009 by and among Broadpoint Securities Group, Inc., a New York corporation ("Parent"), Magnolia Advisory LLC, a Delaware limited liability company ("Merger Sub" and together with Parent, the "Buying Parties"), Gleacher Partners Inc., a Delaware corporation (the "Company"), certain stockholders (the "Signing Stockholders") of the Company signatory hereto, and each of the holders of interests in Gleacher Holdings LLC, a Delaware limited liability company ("Holdings"), signatory hereto (each such holder, other than the Company, a "Holder", and collectively the "Holders", and together with the Signing Stockholders, the "Selling Parties").

RECITALS

WHEREAS, (a) the stockholders of the Company (each, a "Stockholder" and collectively the "Stockholders") own all of the issued and outstanding shares of common stock (the "Company Shares"), par value $.01 per share of the Company ("Company Common Stock"), as set forth in Exhibit A hereto, and (b) the Holders own all the issued and outstanding membership interests in Holdings that are not owned by the Company (the "Interests"), in each case as set forth in Exhibit A hereto;

WHEREAS each of the respective Boards of Directors of Parent and the Company, and Parent, as sole member of Merger Sub, have approved the merger (the "Merger") of the Company with and into Merger Sub on the terms and subject to the conditions set forth in this Agreement, whereby each issued and outstanding share of Company Common Stock shall be converted into the right to receive shares of common stock, par value $.01 per share, of Parent ("Parent Common Stock") or cash, or a combination thereof, as provided in Section 2.7(c) hereof;

WHEREAS, for U.S. federal income tax purposes it is intended that (i) the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) this Agreement shall be, and hereby is, adopted as a "plan of reorganization" for purposes of Sections 354 and 361 of the Code; and (iii) Parent and the Company will each be a party to a reorganization within the meaning of Section 368 of the Code;

WHEREAS, concurrently with the execution of this Agreement, each of Eric Gleacher, Jeffrey Tepper and Kenneth Ryan (collectively, the "Principal Stockholders") are entering into an Employment Agreement and a Non-Competition and Non-Solicitation Agreement, each in the form attached hereto as Exhibit B (collectively, the "Employment and Non-Competition Agreements");

WHEREAS, concurrently with the execution of this Agreement, each of the employees of the Company set forth on Exhibit C hereto is entering into a Non-Competition Agreement in the form set forth in Exhibit D (the "Non-Competition Agreements");

WHEREAS, concurrently with the execution of this Agreement, MatlinPatterson FA Acquisition LLC (the "Parent Principal Stockholder") is executing a written consent (the

"Stockholders Consent") approving (i) an amendment, to become effective at the time of Closing (as defined below), to the Amended and Restated Certificate of Incorporation of Parent (as amended to the date hereof, the "Parent Charter") to increase the number of authorized shares of Parent Common Stock and to change the name of Parent to Broadpoint Gleacher Securities Group, Inc. (the "Charter Amendment") and (ii) the issuance of Parent Common Stock pursuant to the Merger (the "Share Issuance") as required by the rules of the NASDAQ Global Market;

WHEREAS, it is contemplated that, after the Closing (as defined below), the employees and assets of the Company and its Subsidiaries will be transferred to Broadpoint Capital, Inc., and Broadpoint Capital, Inc. will be renamed Broadpoint Gleacher Capital, Inc.; and

WHEREAS, Parent, Merger Sub, the Company and the Selling Parties desire to make certain representations, warranties, covenants and agreements in connection with the Merger.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND DEFINED TERMS

Section 1.1 Definitions and Defined Terms.

(a) Unless the context otherwise requires or as otherwise defined herein, capitalized terms used in this Agreement shall have the meanings set forth below:

"Accounts Receivable" shall mean: (i) all trade accounts receivable and other rights to payment from customers of the business of the Company and its Subsidiaries and the full benefit of all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or services rendered to customers of the Company or its Subsidiaries; (ii) all other accounts or notes receivable of the Company and its Subsidiaries and the full benefit of all security for such accounts or notes; and (iii) any claim, remedy or other right related to any of the foregoing.

"Affiliate" shall mean with respect to any Person, any other Person who, directly or indirectly, controls, is controlled by or is under common control with that Person. For purposes of this definition, a Person has control of another Person if it has the direct or indirect ability or power to direct or cause the direction of management policies of such other Person or otherwise direct the affairs of such other Person, whether through ownership of more than fifty percent (50%) of the voting securities of such other Person, by Contract or otherwise.

"Alternative Proposal" shall mean any inquiry or proposal relating to a sale of stock, merger, consolidation, share exchange, business combination, partnership, joint venture, disposition of assets (or any interest therein) or other similar transaction involving the Stockholders or the Company or its Subsidiaries.

"Ancillary Agreements" shall mean the Employment and Non-Competition Agreements, the Non-Competition Agreements, the Registration Rights Agreement, the Escrow Agreement

and the Trademark Agreement, provided, that, solely for purposes of Article X (Indemnification) the term "Ancillary Agreements" shall not include the Employment and Non-Competition Agreements and the Non-Competition Agreements.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Company Charter Documents" shall mean the organizational documents including, as applicable, the certificate of incorporation or formation, the by-laws or the limited liability company agreement of each of the Company and its Subsidiaries.

"Company Intellectual Property" shall mean all Intellectual Property that is owned or held by or on behalf of the Company or its Subsidiaries or that is being used by or in the Company business as it is currently conducted by the Company and its Subsidiaries.

"Consent" shall mean any consent, approval, waiver or authorization of, notice to, permit, or designation, registration, declaration or filing with, any Person.

"Contract" shall mean, whether written or oral, any note, bond, mortgage, indenture, contract, agreement, permit, license, lease, purchase order, sales order, arrangement or other commitment, obligation or understanding (including, without limitation, any understanding with respect to pricing) to which a Person is a party or by which a Person or its assets or properties are bound.

"Debt" shall mean any credit facilities, notes, trade liabilities, other indebtedness (excluding, however, capital leases other than currently due payments of arrearages) and deferred compensation arrangements of the Company and its Subsidiaries.

"Disclosure Schedule" shall mean the disclosure schedule delivered by the Selling Parties to Parent or by Parent to the Selling Parties' Representative, as the case may be, concurrently with the execution of this Agreement.

"Employee Stock Incentive Plans" means Parent's: (i) 1989 Stock Incentive Plan, (ii) 1999 Long-Term Incentive Plan (Amended and Restated Through April 27, 2004, as amended), (iii) 2001 Long-Term Incentive Plan, as amended, (iv) Restricted Stock Inducement Plan for Descap Employees, as amended, (v) 2003 Directors' Stock Plan, as amended, (vi) 2007 Incentive Compensation Plan and (vii) any amendments, replacements or new plans, in each case, approved by the Parent Board or any duly authorized committee thereof, including, without limitation, any employee stock purchase plans; provided that, all shares of Parent Common Stock (or options, warrants or other rights to purchase such shares of Common Stock) issued pursuant to such amendments, replacements or new plans are either exempt from, or issued in compliance with the requirements of Section 409A of the Code and the guidance thereunder.

"Employee Stock Options" means any stock options granted pursuant to any Employee Stock Incentive Plan.

"Environmental Law" shall mean any Law relating to the environment, natural resources, or safety or health of humans or other living organisms, including the manufacture, distribution in commerce and use or Release of any Hazardous Substance.

"Exchange Act" shall mean the Securities Exchange Act of 1934 and the rules and regulations of the SEC thereunder.

"FINRA" shall mean the Financial Industry Regulatory Authority, Inc.

"GAAP" shall mean United States generally accepted accounting principles.

"Governmental Authority" shall mean any federal, state, local or foreign government or any subdivision, agency, instrumentality, authority (including any regulatory, administrative, and self-regulatory authority), department, commission, board or bureau thereof or any federal, state, local or foreign court, arbitrator or tribunal.

"Hazardous Substance" shall mean any pollutant, contaminant, hazardous substance, hazardous waste, medical waste, special waste, toxic substance, petroleum or petroleum-derived substance, waste or additive, asbestos, PCBs, radioactive material, or other compound, element, material or substance in any form whatsoever (including products) regulated, restricted or addressed by or under any applicable Environmental Law.

"Intellectual Property" shall mean: (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereon, and all patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, divisions, reissues, extensions and re-examinations thereof; (ii) all trademarks whether registered or unregistered, service marks, domain names, corporate names and all combinations thereof, and all applications, registrations and renewals in connection therewith, including all goodwill associated therewith; (iii) all copyrights whether registered or unregistered, and all applications, registrations and renewals in connection therewith; (iv) all Trade Secrets; (v) all Software; (vi) all datasets, databases and related documentation; and (vii) all other intellectual property and proprietary rights.

"Interests Purchase Consideration" shall mean the amount of cash and Parent Common Stock payable to each Holder in connection with the Interests Purchase as set forth in Exhibit A.

"IRS" shall mean the United States Internal Revenue Service.

"Knowledge of the Buying Parties" and "Knowledge of Parent", including other similar phrases or uses, shall each mean the actual knowledge, after reasonable inquiry, of the individuals set forth on Section 1.1(a) of the Disclosure Schedule delivered by the Buying Parties. An individual's inclusion on such schedule shall not imply any personal liability on the part of such individual.

"Knowledge of the Company", including other similar phrases or uses, shall mean the actual knowledge, after reasonable inquiry, of the individuals set forth on Section 1.1(a) of the Disclosure Schedule delivered by the Selling Parties. An individual's inclusion on such schedule

shall not imply any personal liability on the part of such individual other than such liability as such individual may already have as specifically provided in this Agreement.

"Knowledge of the Selling Parties", including other similar phrases or uses, shall mean the actual knowledge of the Selling Parties.

"Laws" shall mean all federal, state, local or foreign laws, judgments, orders, writs, injunctions, decrees, ordinances, awards, stipulations, treaties, statutes, judicial or administrative doctrines, rules or regulations enacted, promulgated, issued or entered by a Governmental Authority or any legally binding agreement with a Governmental Authority.

"Liens" shall mean all title defects or objections, mortgages, liens, claims, charges, pledges or other encumbrances of any nature whatsoever, including, without limitation, licenses, leases, chattel or other mortgages, collateral security arrangements, pledges, title imperfections, defect or objection liens, liens for Taxes, security interests, conditional and installment sales agreements, easements, encroachments or restrictions, of any kind and other title or interest retention arrangements, reservations or limitations of any nature.

"Losses" shall mean all losses, liabilities, demands, claims, actions or causes of action, costs, damages, judgments, debts, settlements, assessments, deficiencies, Taxes, penalties, fines or expenses, and any diminution in value of the Company and its Subsidiaries, whether or not arising out of any claims by or on behalf of a third party, including, without limitation, interest, penalties, reasonable attorneys' fees and expenses and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, in all cases other than exemplary damages or punitive damages (except to the extent included as part of any award against any of the Indemnified Parties in a claim made or brought by an unaffiliated third party).

"Mast Preferred Stock Purchase Agreement" shall mean that certain Preferred Stock Purchase Agreement dated June 27, 2008, between Broadpoint Securities Group, Inc. and Mast Credit Opportunities I Master Fund Limited.

"Material Adverse Effect" shall mean, with respect to Parent or the Company, as the case may be, a material adverse effect on (i) the financial condition, results of operations or business of such party and its Subsidiaries, taken as a whole, or (ii) the timely consummation of the Transactions, other than, in the case of clause (i), any change, effect, event, circumstance, occurrence or state of facts relating to (A) the U.S. or global economy or the financial, debt, credit or securities markets in general, including changes in interest or exchange rates, (B) the industry in which such party and its Subsidiaries operate in general, (C) acts of war, outbreak of hostilities, sabotage or terrorist attacks, or the escalation or worsening of any such acts of war, sabotage or terrorism, (D) the announcement of this Agreement or the Transactions, including the impact thereof on relationships, contractual or otherwise with customers, suppliers, lenders, investors, partners or employees, (E) changes in applicable laws or regulations after the date hereof, (F) changes or proposed changes in GAAP or regulatory accounting principles after the date hereof, (G) earthquakes, hurricanes or other natural disasters, (H) in the case of Parent, declines in the trading prices of Parent Common Stock, in and of itself, but not including the underlying causes thereof, or (I) those resulting from actions or omissions of such party or any of its Subsidiaries which the other party has requested in writing that are not otherwise required by

this Agreement (except, in the cases of (A), (B), (C), (E), (F) and (G), to the extent such party and its Subsidiaries are disproportionately adversely affected relative to other companies in its industry).

"Net Tangible Book Value" shall mean total consolidated assets, minus consolidated intangible assets, and minus consolidated liabilities.

"Outstanding Claim" shall mean any good faith claim for indemnification that is the subject of a Claims Notice that at any time in question is (i) not resolved or disposed of pursuant to this Agreement or (ii) not determined by a court of competent jurisdiction, such determination not being appealable, to be not payable to the Indemnified Party.

"Owned Company Intellectual Property" shall mean all Company Intellectual Property that is owned or purported to be owned by the Company or any of its Subsidiaries.

"Ownership Percentage" shall mean the percentage set forth across from such Stockholder's (or Holder's) name on Exhibit A. To the extent the Selling Parties are required to make any payment hereunder in proportion to their Ownership Percentages, for purposes of such payments the Ownership Percentages shall be deemed proportionately increased to cover the Ownership Percentages of the Stockholders that are not Signing Stockholders.

"Permits" shall mean all permits, licenses, approvals, franchises, registrations, accreditations and written authorizations issued by any Governmental Authority that are used or held for use in, necessary or otherwise relate to the ownership, operation or other use of any of a party's or any of its Subsidiaries' business.

"Permitted Liens" shall mean (i) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business for amounts which are not material and not yet due and payable and which secure an obligation of the Company, (ii) Liens arising under Contracts with third parties entered into in the ordinary course of business in respect of amounts still owing, which Liens are disclosed in the Financial Statements, (iii) Liens for Taxes not yet due and payable or delinquent and for which there are adequate reserves in the Financial Statements, (iv) any other Liens disclosed in the Financial Statements, and (v) such easements, rights of way, imperfections or irregularities of title, or such other Liens as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties.

"Person" shall mean any individual, partnership, limited liability company, association, joint venture, corporation, trust, unincorporated organization, Governmental Authority or other entity.

"Personal Information" shall mean any personally identifying information (including name, address, telephone number, email address, account and/or policy information) of any Person and any and all other "nonpublic personal information" (as such term is defined in the Gramm-Leach-Bliley Act of 1999 and implementing regulations, both as may be amended from time to time).

"Pre-Closing Tax Period" shall mean any Tax period ending on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on the Closing Date.

"Release" shall mean any release, pumping, pouring, emptying, injecting, escaping, leaching, migrating, dumping, seepage, spill, leak, flow, discharge, disposal or emission.

"Registration Rights Agreement" shall mean a Registration Rights Agreement in the form of Exhibit E hereto.

"Rights Agreement" means the Rights Agreement dated as of March 30, 1998 between Parent and American Stock Transfer & Trust Company, as Rights Agent, as amended.

"RSU" means a unit representing a right to purchase Restricted Stock that is subject to an RSU Award.

"RSU Award" means an award granted under an Employee Stock Incentive Plan in the form of RSUs.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Selling Parties' Representative" shall mean Eric Gleacher.

"Software" shall mean all computer software programs and related documentation and materials (including Internet Web sites and Intranet sites), including, but not limited to programs, tools, operating system programs, application software, system software, firmware and middleware, including the source and object code versions thereof, in any and all forms and media, and all documentation, user manuals, training materials and development materials related to the foregoing.

"Straddle Period" shall mean any taxable period beginning on or prior to the Closing Date and ending after the Closing Date.

"Subsidiary" and "Subsidiaries" shall mean, with respect to any Person, any other Person in which such Person (i) owns, directly or indirectly, fifty percent (50%) or more of the outstanding voting securities, equity securities, profits interest or capital interest, (ii) is entitled to elect at least a majority of the board of directors or similar governing body or (iii) in the case of a limited partnership or limited liability company, is a general partner or managing member, respectively.

"Tax Return" shall mean any report, return, election, notice, estimate, declaration, information statement, claim for refund, amendment or other form or document (including all schedules, exhibits and other attachments thereto) relating to and filed or required to be filed with a Taxing Authority in connection with any Tax.

“Taxes” shall mean any and all federal, national, provincial, state, local and foreign taxes, assessments and other governmental charges, duties, impositions, levies and liabilities (including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, gains, franchise, estimated, withholding, payroll, recapture, employment, excise, unemployment, insurance, social security, business license, occupation, business organization, stamp, environmental and property taxes), together with all interest, penalties and additions imposed with respect to such amounts.

“Taxing Authority” shall mean any federal, national, provincial, foreign, state or local government, or any subdivision, agency, commission or authority thereof exercising Tax regulatory, enforcement, collection or other authority.

“Trade Secrets” shall mean any and all trade secrets, including any non-public and confidential information, technology, information, know-how, proprietary processes, formulae, algorithms, models or methodologies constituting trade secrets, customer lists, and all rights in and to the same.

“Trademark Agreement” shall mean a Trademark Agreement in the form of Exhibit F hereto.

“Transfer” shall mean any transfer, sale, gift, assignment, distribution, conveyance, pledge, hypothecation, encumbrance or other voluntary or involuntary transfer of title or beneficial interest, whether or not for value, including, without limitation, any disposition by operation of Law or any grant of a derivative or economic interest therein.

“Transfer Restrictions” shall mean, with regard to any share or shares of Parent Common Stock, that such share or shares may not be Transferred to any Person under any circumstances except, (1) with the written consent of Parent (it being understood that Parent shall not unreasonably withhold its consent to any Transfer made for purposes of estate administration or tax planning to the spouse, children or grandchildren of the applicable Selling Party, or a trust for the benefit of any such person), (2) pursuant to a tender or exchange offer within the meaning of the Exchange Act for any or all of the Parent Common Stock, (3) in connection with any plan of reorganization, restructuring, bankruptcy, insolvency, merger or consolidation, reclassification, recapitalization, or, in each case, similar corporate event of Parent, or (4) through an involuntary transfer pursuant to operation of Law, including pursuant to the laws of descent and distribution following the death of such Selling Party or any permitted transferee.

“Treasury Regulations” shall mean the regulations, including temporary regulations, promulgated under the Code, as the same may be amended hereafter from time to time (including corresponding provisions of succeeding regulations).

Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Actual Net Tangible Book Value	Section 2.10(a)
Affected Employee	Section 7.10(a)
Agreement	Preamble

Term	Section
Alternative Structure	Section 2.11
Audited Financial Statements	Section 4.10(a)
Balance Sheet Date	Section 4.10(a)
Benefit Plan	Section 4.22(a)
Benefits Continuation Period	Section 7.10(a)
Broadpoint Capital FINRA Notice	Section 7.4(b)
Buying Parties	Preamble
Certificate of Merger	Section 2.2
Charter Amendment	Recitals
Claims Notice	Section 10.1(a)
Closing	Section 3.1
Closing Date	Section 3.1
Closing Date Balance Sheet	Section 2.10(b)
Code	Recitals
Company	Preamble
Company Board	Section 3.2(a)
Company Common Stock	Recitals
Company Contracts	Section 4.15(a)
Company IT Systems	Section 4.26(a)
Company Leases	Section 4.20(b)
Company Shares	Recitals
Company Tax Returns	Section 4.24(a)
Confidential Information	Section 7.7
Confidentiality Agreement	Section 7.2
Deductible	Section 10.6(a)
DGCL	Section 2.1
Dispute Notice	Section 2.10(c)
DLLCA	Section 2.1
DOJ	Section 7.4(b)
Effective Time	Section 2.2
Employment and Non-Competition Agreements	Recitals
ERISA	Section 4.22(a)
ERISA Affiliate	Section 4.22(d)
Escrow Agent	Section 2.9
Escrow Agreement	Section 2.9
Escrow Fund	Section 2.9
Escrowed Shares	Section 2.9
Financial Statements	Section 4.10(a)
FINRA Notice	Section 7.4(b)
FTC	Section 7.4(b)
Holder(s)	Preamble
Holdings	Preamble
HSR Act	Section 4.3
Indemnification Cap	Section 10.6(a)
Indemnified Parties	Section 10.3(a)

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Term	Section
Indemnifying Party	Section 10.3(a)
Information Statement	Section 7.5(a)
Intended Tax Treatment	Section 7.9(g)
Interests	Recitals
Interests Purchase	Section 2.8(e)
Merger	Recitals
Merger Consideration	Section 2.7(c)
Merger Corp	Section 2.11
Merger Sub	Preamble
Most Recent Financial Statements	Section 4.10(a)
New Plans	Section 7.10(b)
Non-Competition Agreements	Recitals
Old Plans	Section 7.10(b)
Options	Section 4.5(c)
Orders	Section 4.8
Parent	Preamble
Parent Board	Section 3.4(c)
Parent Charter	Recitals
Parent Common Stock	Recitals
Parent Indemnified Parties	Section 10.2(a)
Parent Principal Stockholder	Recitals
Parent SEC Reports	Section 6.7(a)
Partners	Section 4.5(b)
Partners FINRA Notice	Section 7.4(b)
Pension Plan	Section 4.22(a)
Permitted Holders	Section 7.16
Personnel	Section 4.13
Principal Stockholders	Recitals
Proceedings	Section 4.8
Prohibited Transaction	Section 5.8
Related Party	Section 4.14
Released Matter(s)	Section 11.12
Released Party	Section 11.12
Representatives	Section 7.1
Reviewing Accountants	Section 2.10(c)
Selling Party(ies)	Preamble
Selling Parties Indemnified Parties	Section 10.2(b)
Share Issuance	Recitals
Signing Stockholders	Preamble
Standstill Period	Section 7.16
Stockholder(s)	Recitals
Stockholders Consent	Recitals
Surviving Company	Section 2.1
Target Amount	Section 2.10(a)
Transactions	Section 2.1

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Term	Section
Voting Company Debt	Section 4.5(c)
Welfare Plan	Section 4.22(a)

Section 1.2 Rules of Construction.

(a) All article, section, schedule and exhibit references used in this Agreement are to articles, sections, schedules and exhibits to this Agreement unless otherwise specified. The schedules and exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein for all purposes.

(b) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa. The term "includes" or "including" shall mean "including without limitation." The words "hereof," "hereto," "hereby," "herein," "hereunder" and words of similar import, used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear unless otherwise specified. The phrase "the date of this Agreement," "date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the preamble of this Agreement.

(c) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day.

(d) The parties hereto acknowledge that each party hereto has reviewed, and has had an opportunity to have its attorney review, this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement. Any controversy over construction of this Agreement shall be decided without regard to events of authorship or negotiation.

(e) Titles and headings to sections herein are inserted for convenience of reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(f) All references to currency herein shall be to, and all payments required hereunder shall be paid in United States dollars.

(g) Any disclosure set forth in any section of the Disclosure Schedules shall be deemed set forth for purposes of any other section of the Disclosure Schedules to which such disclosure is relevant, to the extent and only to the extent that there is an express cross reference to such disclosure in such other section.

(h) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE II

THE MERGER

Section 2.1 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law (the "DGCL") and the Delaware Limited Liability Company Act (the "DLLCA"), the Company shall be merged with and into Merger Sub at the Effective Time (as defined below). At the Effective Time, the separate corporate existence of the Company shall cease and Merger Sub shall continue as the surviving company (the "Surviving Company"). The Merger, the Share Issuance, the payment by Parent of cash in connection with the Merger and the other transactions contemplated by this Agreement are referred to collectively as the "Transactions".

Section 2.2 Effective Time. On the Closing Date (as defined below), Parent shall file with the Secretary of State of the State of Delaware a certificate of merger or other appropriate documents (in any such case, the "Certificate of Merger") executed in accordance with the relevant provisions of the DGCL and the DLLCA and shall make all other filings or recordings required under the DGCL and the DLLCA. The Merger shall become effective at such time as the Certificate of Merger is duly filed with such Secretary of State, or at such other time as Parent and the Company shall agree and specify in the Certificate of Merger (the time the Merger becomes effective being the "Effective Time").

Section 2.3 Effects. The Merger shall have the effects set forth in Section 18-209 of the DLLCA.

Section 2.4 Certificate of Formation and Limited Liability Company Agreement.

(a) The Certificate of Formation of the Surviving Company shall be the Certificate of Formation of Merger Sub.

(b) The limited liability company agreement of the Surviving Company shall be the limited liability company agreement of Merger Sub.

Section 2.5 Managers. The managers of Merger Sub immediately prior to the Effective Time shall be the managers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

Section 2.6 Officers. The officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Company, until the earlier of their resignation or removal or until their successors are duly elected or appointed and qualified, as the case may be.

Section 2.7 Effect on Limited Liability Company Interests and Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any Stockholder or the holder of any limited liability company interests of Merger Sub:

(a) Each issued and outstanding limited liability company interest of Merger Sub shall remain outstanding.

(b) Subject to Section 2.8(c) and 2.10, all the issued Company Shares shall be converted into the right to receive in the aggregate: (i) at the Closing, 23,000,000 shares of Parent Common Stock reduced by the number of shares of Parent Common Stock included in the Interests Purchase Consideration; (ii) at the Closing, $10 million in cash reduced by 50% of the cash included in the Interests Purchase Consideration; and (iii) on the day that is five years following the Closing Date, $10 million in cash reduced by 50% of the cash included in the Interests Purchase Consideration, subject to earlier payment to a Stockholder as specified on Schedule I attached hereto, in each case allocated to the Stockholders in accordance with Exhibit A.

(c) The shares of Parent Common Stock to be issued and the cash to be payable upon the conversion of Company Shares pursuant to Section 2.7(b) and 2.8(c) are referred to collectively as the "Merger Consideration". As of the Effective Time, all such Company Shares (whether physically certificated or uncertificated) shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each Stockholder shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration, without interest.

Section 2.8 Exchange of Company Common Stock and Purchase of Interests.

(a) At the Closing, subject to Section 2.9, Parent shall (i) pay the amount of cash to which the Stockholders are entitled to receive on the Closing Date in accordance with Section 2.7 by either (x) one or more bank checks made to the order of the parties designated by the Selling Parties' Representative in writing no later than two (2) Business Days prior to the Closing delivered to the Selling Parties' Representative or (y) wire transfer to one or more accounts designated by the Selling Parties' Representative in writing no later than two (2) Business Days prior to the Closing, and (ii) deliver to the Selling Parties' Representative certificates representing the number of whole shares of Parent Common Stock into which each Stockholder's Company Shares shall have been converted in accordance with Section 2.7. With respect to any payment required to be made hereunder after the Closing, on the applicable payment date Parent shall pay by wire transfer to one or more accounts designated by the Selling Parties' Representative in writing no later than five (5) Business Days prior to such date or by check payable to the Stockholder entitled thereto and delivered by reputable courier to any address designated by such Stockholder in writing no less than five (5) Business Days prior to such anniversary (or, if no such address is so designated, to the address reflected in the Company's books and records) the amount of cash to which the Stockholder(s) are entitled to receive on such date in accordance with Section 2.7.

(b) The Merger Consideration issued and paid in accordance with the terms of this Article II upon conversion of any Company Shares shall be deemed to have been issued and

paid in full satisfaction of all rights pertaining to such Company Shares, and after the Effective Time, there shall be no further registration of transfers on the transfer books of the Company of Company Shares that were outstanding prior to the Effective Time.

(c) No certificate or scrip representing fractional shares of Parent Common Stock shall be issued upon the conversion of Company Common Stock. For purposes of this paragraph (c), all fractional shares to which a single record holder would be entitled shall be aggregated. In lieu of any such fractional shares, each Stockholder who would otherwise be entitled to such fractional shares shall be entitled to an amount in cash, without interest, rounded to the nearest cent, equal to the product of (A) the amount of the fractional share interest in a share of Parent Common Stock to which such holder is entitled and (B) the last closing price per share of Parent Common Stock prior to the date on which the payment became due.

(d) All cash to be paid or shares to be delivered hereunder as part of the Merger Consideration, including shares to be delivered to the Escrow Agent (as defined below) pursuant to Section 2.9 and any shares to be delivered to the Stockholders by the Escrow Agent pursuant to Section 10.5, shall be allocated among and paid to the Stockholders as set forth on Exhibit A.

(e) Subject to Section 2.9, immediately prior to the Effective Time, Merger Sub shall purchase (and Parent shall cause Merger Sub to purchase) (the "Interests Purchase") from the Holders set forth on Exhibit A, and each such Holder shall sell, convey, transfer, assign and deliver, and cause to be sold, conveyed, transferred, assigned and delivered to Merger Sub, on the Closing Date and upon the Closing, the Interests set forth on Exhibit A opposite such Holder's name, free and clear of any Liens, and Merger Sub shall pay (and Parent shall cause Merger Sub to pay) to each Holder the Interests Purchase Consideration. Parent shall (i) pay the cash portion of the Interests Purchase Consideration to which the Holders set forth on Exhibit A are entitled to receive on the Closing Date either by (x) one or more bank checks made to the order of the parties designated by the Selling Parties' Representative in writing no later than two (2) Business Days prior to the Closing delivered to the Selling Parties' Representative or (y) by wire transfer to one or more accounts designated by the Selling Parties' Representative in writing no later than two (2) Business Days prior to the Closing, and (ii) deliver to the Selling Parties' Representative certificates representing the stock portion of the Interests Purchase Consideration to which the Holders set forth on Exhibit A are entitled to receive on the Closing Date.

(f) Parent shall use its reasonable best efforts to cause all of the shares of Parent Common Stock issued in the Merger or delivered pursuant to the Interests Purchase to be listed on the NASDAQ Global Market before the Transfer Restrictions lapse in accordance with Section 7.13. If between the date of this Agreement and the Effective Time, the outstanding shares of Parent Common stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, an appropriate and proportionate adjustment shall be made to the Merger Consideration and the Interests Purchase Consideration.

Section 2.9 Escrow. At Closing, Parent, each of the Selling Parties and an escrow agent selected by Parent and reasonably acceptable to the Selling Parties' Representative (the "Escrow Agent"), shall enter into an escrow agreement substantially in the form of Exhibit G hereto with such changes as the Escrow Agent may reasonably request (the "Escrow Agreement"). The Escrow Agreement shall provide for the creation of an escrow fund (the "Escrow Fund") to be held as a source of funds for any indemnification obligations of the Selling Parties pursuant to Article X. Upon the Closing, Parent shall deposit into the Escrow Fund an aggregate of 2,300,000 shares of Parent Common Stock (the "Escrowed Shares"), in lieu of delivering such shares of Parent Common Stock to the Stockholders (or Holders) pursuant to Section 2.8(a) and 2.8(e).

Section 2.10 Post-Closing Purchase Price Adjustment.

(a) Post-Closing Payment. In the event that the actual Net Tangible Book Value on the Closing Date, as determined pursuant to Section 2.10(b) and 2.10(c) (the "Actual Net Tangible Book Value"), is less than $0 (the "Target Amount"), each of the Selling Parties shall pay to Parent in cash, within three (3) Business Days of the final determination of the Actual Net Tangible Book Value pursuant to Section 2.10(b) and 2.10(c), such Selling Party's proportionate share of the amount of such shortfall, in accordance with such Selling Party's Ownership Percentage as set forth on Exhibit A. In the event that the Actual Net Tangible Book Value is greater than the Target Amount, Parent shall pay each Selling Party in cash, in accordance with such Selling Party's Ownership Percentage as set forth on Exhibit A within three (3) Business Days of the final determination of the Actual Net Tangible Book Value pursuant to Section 2.10(b) and 2.10(c), such Selling Party's proportionate share of the amount of such excess; provided, however, that the aggregate amount of cash paid to the Selling Parties pursuant to this Section 2.10(a), together with the aggregate amount of any dividend or distributions of cash permitted under Section 7.1(b) and the fair market value of any other assets identified in Section 7.1(b) of the Disclosure Schedule and distributed pursuant to Section 7.1(b), shall not exceed $10 million.

(b) Closing Date Balance Sheet. Parent, in conjunction with its independent accountants, shall prepare and present to the Selling Parties' Representative, as soon as practicable after the Closing Date, but not more than sixty (60) days after the Closing Date, a balance sheet reflecting the financial position of the Company as of the Closing Date and setting forth Parent's calculation of Net Tangible Book Value as of close of business on the Closing Date (the "Closing Date Balance Sheet"). All items on the Closing Date Balance Sheet shall be determined and computed in accordance with GAAP in effect as of the date hereof, applied in a manner consistent with the Audited Financial Statements. The Selling Parties' Representative and its independent accountants shall have the right to observe and participate in the preparation of the Closing Date Balance Sheet and, during such sixty (60) day period, Parent shall provide the Selling Parties' Representative and its independent accountants and other authorized representatives with reasonable access to the Surviving Company's facilities, books and records and its personnel and accountants for the purpose of such observation or participation; provided, however, that (i) such observation, participation and access shall not unreasonably interfere with the business operations of Parent or its Subsidiaries; (ii) Parent shall not be required to provide access to any information or take any other action that would constitute a waiver of the attorney-client privilege; and (iii) Parent need

not supply any Person with any information which, in the reasonable judgment of Parent, Parent is under a legal obligation not to supply; provided, however, that in the case clause (ii) or (iii) applies, Parent shall make appropriate substitute disclosure arrangements and, if applicable, use its reasonable best efforts to obtain any consent required to disclose such information. The Selling Parties will use their reasonable best efforts to cooperate with Parent in the preparation of the Closing Date Balance Sheet.

(c) Post-Closing Adjustment Disputes. The Closing Date Balance Sheet shall be final and binding upon the parties unless the Selling Parties' Representative provides Parent with a written notice of dispute (a "Dispute Notice") with respect to the Closing Date Balance Sheet, identifying with specificity the disputed calculations, not later than thirty (30) days after receipt by the Selling Parties' Representative of the Closing Date Balance Sheet. During the thirty (30) day period following the receipt by Parent of a Dispute Notice, Parent and the Selling Parties' Representative shall cooperate in good faith to resolve any such dispute. If Parent and the Selling Parties' Representative are unable to resolve the dispute within such thirty (30) day period, then the parties shall submit the dispute to a mutually acceptable independent "Big Four" accounting firm (the "Reviewing Accountants") for arbitration. The parties shall use commercially reasonable efforts to cause the Reviewing Accountants to resolve any such dispute within thirty (30) days of submission. The Reviewing Accountants shall determine all amounts in dispute with respect to the Closing Date Balance Sheet and shall determine the Actual Net Tangible Book Value. The decision of the Reviewing Accountants with respect to the Actual Net Tangible Book Value shall be within the range represented by Parent and the Selling Parties' Representative's respective positions. The Reviewing Accountant's determination with respect to the Closing Date Balance Sheet and Actual Net Tangible Book Value shall be final and binding on the parties. The fees and expenses of such Reviewing Accountants shall be borne by Parent, on the one hand, and by the Selling Parties, on the other hand, in inverse proportion as they may prevail on the matters resolved by the Reviewing Accountants, which allocation shall be determined by the Reviewing Accountants at the time such Reviewing Accountants render their determination on the merits of the matters submitted to them.

Section 2.11 Alternative Merger Structure. Notwithstanding anything else in this Agreement to the contrary, at Parent's request, the Company and the Selling Parties will agree to amend such provisions of this Agreement as are necessary to provide that, in lieu of effecting the Merger as described in Section 2.1, (i) Parent shall form a wholly-owned subsidiary corporation ("Merger Corp"), (ii) Merger Corp shall be merged with and into the Company at the Effective Time and the separate corporate existence of Merger Corp shall thereupon cease and the Company shall continue as the surviving company, and (iii) promptly thereafter, Parent will cause the Company to merge with and into Merger Sub and the separate corporate existence of the Company shall thereupon cease and Merger Sub shall be the Surviving Company (collectively, clauses (i), (ii) and (iii) hereof, the "Alternative Structure"); provided that no such amendment shall (a) change the Merger Consideration to be received by the Stockholders, the Interests Purchase Consideration to be received by the Holders, or the intended tax treatment thereof, (b) prevent or materially delay the Closing or (c) violate any Law. The parties hereto intend that, if Parent elects to effect the Alternative Structure, the steps described in clauses (i), (ii) and (iii) hereof, taken together, are to be treated as a "reorganization" under Section 368(a) of the Code (to which each of Parent and the Company are to be "parties to the reorganization"

under Section 368(b) of the Code) in which the Company is to be treated as merging directly with and into Parent.

Section 2.12 Withholding Rights. Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Stockholder (or Holder) pursuant to this Agreement such amounts as may be required to be deducted and withheld under the Code, or under any provision of state, local or foreign Tax law. To the extent that amounts are so withheld and timely paid over to the appropriate Taxing Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Stockholder in respect of which such deduction and withholding was made and Parent will be treated as though it withheld an appropriate amount of the type of consideration otherwise payable pursuant to this Agreement, sold such consideration for an amount of cash equal to the fair market value of such consideration at the time of such deemed sale and paid such cash proceeds to the appropriate Taxing Authority.

Section 2.13 Written Consent of the Signing Stockholders. By its execution of this Agreement, each Signing Stockholder, in its capacity as a registered or beneficial stockholder of Company Common Stock, hereby approves and adopts this Agreement. For purposes of the DGCL, such execution shall be deemed to be action taken by the irrevocable written consent of the Signing Stockholders holding at least 75 percent of the Company Shares, in accordance with the Company's Amended and Restated Bylaws.

ARTICLE III

CLOSING

Section 3.1 Closing. The closing (the "Closing") of the Merger shall take place at the offices of Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019 at 10:00 a.m. on the third Business Day following the satisfaction (or, to the extent permitted by this Agreement, waiver by all parties) of the conditions set forth in Section 8.1, or, if on such day any condition set forth in Section 8.2 or 8.3 has not been satisfied (or, to the extent permitted by this Agreement, waived by the party or parties entitled to the benefits thereof), as soon as practicable after all the conditions set forth in Article VIII have been satisfied (or, to the extent permitted by this Agreement, waived by the parties entitled to the benefits thereof), or at such other place, time and date as shall be agreed in writing between Parent and the Selling Parties' Representative. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date".

Section 3.2 Deliveries of the Company at Closing. At the Closing, the Company shall deliver the following to Parent:

(a) a certificate, dated as of the Closing Date and executed by the Secretary of the Company, certifying that (A) true and complete copies of the Company Charter Documents as in effect on the Closing Date are attached to such certificate, (B) the signature of each officer of the Company executing this Agreement and any other agreement, instrument or document executed and delivered by the Company at or before Closing is genuine and each such officer is duly appointed to the office of the Company set forth underneath such officer's signature

thereon and (C) true and complete copies of the resolutions of the Board of Directors of the Company (the "Company Board"), which were approved prior to the execution of this Agreement, authorizing the execution, delivery and performance of this Agreement, and the consummation of the Transactions, are attached to such certificate, and such resolutions have not been amended or modified and remain in full force and effect; and

(b) long-form good standing certificates in respect of the Company and each of the Company Subsidiaries, from the Secretary of State in their respective jurisdictions of incorporation or formation, in each case dated not more than seven (7) days prior to the Closing Date.

Section 3.3 Selling Parties Deliveries at Closing. At the Closing the Selling Parties shall deliver or cause to be delivered to Parent the following:

(a) certificates representing the Company Shares owned by each Selling Party, free and clear of any and all Liens;

(b) an instrument of assignment, duly executed by each Holder, in respect of the Interests owned by each Holder, transferring such Interests to Merger Sub, free and clear of any and all Liens;

(c) the Registration Rights Agreement, duly executed by Eric Gleacher;

(d) the Escrow Agreement, duly executed by the Selling Parties' Representative on behalf of the Selling Parties;

(e) the Trademark Agreement, duly executed by Eric Gleacher on his own behalf and on behalf of the other entities signatory thereto (other than the Buying Parties) and;

(f) all other documents and instruments required to be delivered by the Company or the Selling Parties on or prior to the Closing Date pursuant to this Agreement, including, without limitation, those items set forth in Sections 8.2 and 11.2 hereof and assignment agreements in respect of the Interests.

Section 3.4 Parent Deliveries at Closing. At the Closing, Parent shall deliver or cause to be delivered to the Selling Parties' Representative (except as provided below) the following:

(a) the cash and certificates representing shares of Parent Common Stock required to be delivered on the Closing Date pursuant to Section 2.8(a), 2.8(c) and 2.8(e), which shall be delivered to the Selling Parties' Representative, the Selling Parties and the Escrow Agent as set forth in Section 2.8(a), 2.8(e) and 2.9;

(b) the Registration Rights Agreement, duly executed by Parent;

(c) the Escrow Agreement, duly executed by Parent;

(d) the Trademark Agreement, duly executed by Parent;

(e) a certificate, dated as of the Closing Date and executed by the Secretary of Parent, certifying that (A) true and complete copies of the Parent Charter, the certificate of formation of Merger Sub, the limited liability company agreement of Merger Sub and the by-laws of Parent, as in effect on the Closing Date, are attached to such certificate, (B) the signature of each officer of Parent or Merger Sub executing this Agreement, the Ancillary Agreements to which Parent or Merger Sub is a party and any other agreement, instrument or document executed and delivered by Parent or Merger Sub at or before Closing is genuine and each such officer is duly appointed to the office of Parent or Merger Sub set forth underneath such officer's signature thereon, and (C) true and complete copies of the resolutions of the Board of Directors of Parent (the "Parent Board") and the written consent of Parent as sole member of Merger Sub, which were approved prior to the execution of this Agreement, authorizing the execution, delivery and performance of this Agreement and the consummation of the Transactions, are attached to such certificate, and such resolutions and written consent have not been amended or modified and remain in full force and effect;

(f) long-form good standing certificates of the Secretary of State of New York with respect to Parent and of the Secretary of State of Delaware with respect to Merger Sub, in each case dated not more than seven (7) days prior to the Closing Date; and

(g) to the Selling Parties' Representative, all other documents and instruments required to be delivered by Parent or Merger Sub to the Company or the Selling Parties on or prior to the Closing Date pursuant to this Agreement, including, without limitation, those set forth in Section 8.3 hereof and assignment agreements in respect of the Interests.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SELLING PARTIES

Except as set forth in the Disclosure Schedules, the Company and each of the Selling Parties represents and warrants to Parent as of the date hereof and as of the Closing Date (or as of such other date as may be expressly provided in any representation or warranty) as follows:

Section 4.1 Organization and Good Standing; Charter Documents. Each of the Company and its Subsidiaries is duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization and has all requisite power and authority to own, lease, operate and otherwise hold its properties and assets and to carry on its business as presently conducted. Each of the Company and its Subsidiaries is duly qualified or licensed to do business as a foreign corporation and is in good standing in every jurisdiction in which the nature of the business conducted by it or the assets or properties owned or leased by it requires qualification. The Company has provided Parent with true, correct and accurate copies of each of the Company Charter Documents.

Section 4.2 Authorization and Effect of Agreement. The Company has all requisite right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company, and the performance by the Company of its obligations

hereunder, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of the Company, and no other corporate action on the part of the Company is necessary to authorize the Company's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Board of Directors of the Company has duly and unanimously adopted resolutions (i) approving this Agreement, the Merger and the other Transactions, (ii) determining that the terms of the Merger and the other Transactions are fair to and in the best interests of the Company and its stockholders, (iii) recommending that the Company's stockholders adopt this Agreement and (iv) declaring that this Agreement is advisable. Pursuant to Section 2.13 hereof, this Agreement has been approved by the irrevocable written consent of the Signing Stockholders holding more than 75 percent of the Company Shares and no other vote or approval of the holders of Company Shares is necessary to approve the Merger or any other Transaction. This Agreement has been duly and validly executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting or relating to creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 4.3 Consents and Approvals; No Violations. Except for (i) compliance with and filings under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) the filing of the Certificate of Merger with the Secretary of State of Delaware and appropriate documents with the relevant authorities of the other jurisdictions in which the Company is qualified to do business and (iii) compliance with FINRA rules and filing of a change of control application on Form 1017, no filing with, and no Permit or Consent of any Governmental Authority or any other Person is necessary to be obtained, made or given by the Company or any of its Subsidiaries in connection with the execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated hereby. Neither the execution and delivery of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby nor compliance by the Company with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Company Charter Documents, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, modification, cancellation or acceleration or loss of material benefits) under any of the terms, conditions or provisions of any Contract to which the Company or any of its Subsidiaries is a party or otherwise may be subject to or bound or result in the creation of any Lien, other than Permitted Liens, on any of the assets or properties of the Company or any of its Subsidiaries, (c) violate any Permit or Law applicable to the Company of any of its Subsidiaries or to which the Company or any of its Subsidiaries or any of its or their assets or properties may be subject to or bound, or (d) result in the creation of any Lien on the Company Shares, except in the case of (b) or (c), a violation, breach or default which would not have or would not reasonably be expected to have a Material Adverse Effect.

Section 4.4 Permits; Compliance with Law.

(a) Section 4.4(a) of the Disclosure Schedule sets forth a complete and accurate list of all Permits issued by FINRA or any other securities regulator, and all other material Permits,

held or maintained by the Company or any of its Subsidiaries. The Company and its Subsidiaries hold all material Permits necessary for the ownership and lease of its and their properties and assets and the lawful conduct of its business as it is now substantially conducted under and pursuant to all applicable Laws. All material Permits have been legally obtained and maintained and are valid and in full force and effect. The Company and its Subsidiaries are in compliance in all material respects with all of the terms and conditions of all Permits. To the Knowledge of the Company, (i) there has been no material change in the facts or circumstances reported or assumed in the application for or granting of any Permits and (ii) no outstanding violations are or have been recorded in respect of any Permits. No action, proceeding, claim or suit is pending or, to the Knowledge of the Company, threatened, to suspend, revoke, withdraw, modify or limit any Permit, and, to the Knowledge of the Company, no investigation is pending or threatened in writing, to suspend, revoke, withdraw, modify or limit any Permit. To the Knowledge of the Company, there is no fact, error or admission relevant to any Permit that could reasonably be expected to result in the suspension, revocation, withdrawal, material modification or material limitation of, or could reasonably be expected to result in the threatened suspension, revocation, withdrawal, material modification or material limitation of, or in the loss of any Permit. Each Permit shall continue to be valid and in full force and effect immediately following the Closing without any Consent, approval or modification required by or from any Governmental Authority.

(b) The Company and its Subsidiaries and its and their properties, assets, operations and business are currently being, and since December 31, 2006 have been, operated in compliance in all material respects with all Permits and applicable Laws except for such noncompliance as has not had or would not reasonably be expected to have a Material Adverse Effect.

Section 4.5 Capitalization of the Company; Accredited Investors.

(a) The entire authorized capital stock of the Company consists solely of 100,000 shares of Company Common Stock, of which 45,841 shares are issued and outstanding and held by the Stockholders in the amounts set forth in Exhibit A hereto. The issued and outstanding capital stock of the Company consists solely of the Company Shares. There are no accrued and unpaid dividends in respect of any Company Shares. No other class of equity securities or other securities or rights of any kind of the Company are authorized, issued or outstanding. All of the Company Shares are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by statute, the Company's organizational documents or any agreement to which the Company is a party or by which it is bound.

(b) The authorized capital stock or other equity interests of each of the Company's Subsidiaries is set forth in Section 4.5(b) of the Disclosure Schedule. There are no accrued and unpaid dividends in respect of any share of capital stock or other equity interests of any Subsidiary of the Company. No other class of equity securities or other securities or rights of any kind of any Subsidiary of the Company are authorized, issued or outstanding. All of the shares of capital stock or other equity interests of each Subsidiary of the Company are duly authorized, validly issued, fully paid and non-assessable, and are owned of record and beneficially as set forth in Section 4.5(b) of the Disclosure Schedule, free and clear of any and

all Liens. The Company owns all the issued and outstanding membership interests in Holdings (other than the Interests to be purchased by Merger Sub pursuant to the Interests Purchase), free and clear of any and all Liens. Holdings owns all the issued and outstanding membership interests of Gleacher Partners LLC, a Delaware limited liability company ("Partners"), free and clear of any all Liens.

(c) Neither the Company nor any of its Subsidiaries has issued any securities in violation of any preemptive or similar rights. There are not any bonds, debentures, notes or other indebtedness of the Company or any of its Subsidiaries having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Company Common Stock or holders of interests in any Company Subsidiary may vote ("Voting Company Debt"). There are not any options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound (collectively, "Options") (i) obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exercisable for or exchangeable into any capital stock of or other equity interest in, the Company or of any of its Subsidiaries or any Voting Company Debt, (ii) obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of Company Common Stock or holders of interests in any Company Subsidiary. The Company is not a party to or bound by and, to the Knowledge of the Company, there are no, restrictions upon, or voting trusts, proxies or other agreements or understandings of any kind with respect to, the voting, purchase, redemption, acquisition or transfer of, or the declaration or payment of any dividend or distribution on, the Company Shares or any shares of the capital stock of or equity interests in any Subsidiary of the Company.

(d) To the Knowledge of the Company, all of the individuals listed on Exhibit A hereto are Accredited Investors (as defined in Regulation D promulgated under the Securities Act).

(e) Without limiting the Selling Parties' right to indemnification from Parent as contemplated by Article X or the Selling Parties' other rights under this Agreement, Parent's issuance and payment of the Merger Consideration and the Interests Purchase Consideration, as applicable, as and when due under the terms hereof and as reflected on Exhibit A, is the only obligation Parent or the Surviving Company shall have with respect to the ownership or right to be issued, or otherwise in respect of, any Company Shares or Interests under existing agreements or instruments to which the Company is a party.

Section 4.6 No Subsidiaries. Except as set forth in Section 4.6 of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is the owner of record or beneficial owner, nor does it control, directly or indirectly, any capital stock, securities convertible into capital stock, or any other equity interest in any Person. Except as set forth in Section 4.6 of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is or has ever been a

partner or member, or has, or has ever had, any other ownership interest in any general or limited partnership, or any similar entity.

Section 4.7 Minutes; Books and Records. The Company has made available to Parent true, complete and accurate copies, or the complete original, of the minute books of the Company and its Subsidiaries. The minute books of the Company and its Subsidiaries accurately reflect in all material respects all actions taken at meetings, or by written consent in lieu of meetings, of the stockholders, members, board of directors and all committees of the board of directors of the Company and its Subsidiaries. All corporate actions taken by the Company and its Subsidiaries have been duly authorized, and no such actions taken by the Company and its Subsidiaries have been taken in breach or violation of the Company Charter Documents.

Section 4.8 Litigation. Except as set forth in Section 4.8 of the Disclosure Schedule, there are no actions, proceedings, claims, suits, oppositions, challenges, charge or governmental or regulatory investigations ("Proceedings") pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries or its or their assets, properties, businesses, or employees. There are no outstanding judgments, writs, injunctions, orders, decrees or settlements, whether preliminary, temporary or permanent ("Orders"), imposed by any Governmental Authority against or that apply, in whole or in part, to the Company or any of its Subsidiaries, or its or their assets, properties, businesses, or employees, in each case to the extent relating to the business of the Company or any of its Subsidiaries.

Section 4.9 Assets Necessary to the Company. The Company and its Subsidiaries own or have a valid license or leasehold interest in all of the rights, properties and assets, including Intellectual Property, that are used or held for use in or are necessary for the Company or any of its Subsidiaries to conduct the Company's and its Subsidiaries' business as currently conducted. Immediately following the Closing, none of the Selling Parties will own, license or lease any rights, properties or assets that are used or held for use in or are necessary for the Company or any of its Subsidiaries or the Surviving Company, as the case may be, to conduct the Company's and its Subsidiaries' business as currently conducted.

Section 4.10 Financial Statements.

(a) The Company has delivered to the Buying Parties (i) the audited balance sheets of Partners as of December 31, 2006, December 31, 2007 and December 31, 2008 (the date of the most recent such balance sheet being referred to herein as the "Balance Sheet Date"), and the related audited statements of income, change in member's equity, and of cash flows of Partners for the three years ended December 31, 2008 (the foregoing audited financial statements, together with any additional audited financial statements of Partners provided after the date hereof pursuant hereto, including the notes thereto and all related compilations, reviews and other reports issued by its accountants with respect thereto, the "Audited Financial Statements"), and (ii) unaudited balance sheets of Partners as of January 31, 2009, and the related unaudited statements of income of Partners for the month ended January 31, 2009 (the foregoing unaudited financial statements, together with any additional unaudited financial statements of Partners provided after the date hereof pursuant hereto, including the notes thereto and all related compilations, reviews and other reports issued by its accountants with respect thereto, the "Most Recent Financial Statements", and together with the Audited

Financial Statements, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP consistently applied, and fairly present in all material respects the financial condition of Partners as of the dates thereof and the results of their operations for the periods covered thereby; provided, however, that the interim Most Recent Financial Statements are subject to normal recurring year-end adjustments, which in the aggregate are not material, and lack footnotes and other presentation items. No financial statements of any Person other than Partners are required by GAAP to be included in the consolidated financial statements of Partners.

(b) The Company has delivered to the Buying Parties (i) the unaudited balance sheets of Holdings as of December 31, 2006, December 31, 2007 and December 31, 2008, and the related statements of income, member's equity, and of cash flows of Holdings for the three years ended December 31, 2008, and (ii) an unaudited balance sheet of Holdings as of January 31, 2009, and the related unaudited statements of income of Holdings for the month ended January 31, 2009. The financial statements described in this Section 4.10(b), together with any additional financial statements of the Company or Holdings provided after the date hereof pursuant hereto, including the notes thereto and all related compilations, reviews and other reports issued by its accountants with respect thereto, have been prepared in accordance with GAAP consistently applied, and fairly present in all material respects the financial condition of the Company or Holdings as of the dates thereof and the results of their operations for the periods covered thereby; provided, however, that the interim financial statements described in this Section 4.10(b)(ii) are subject to normal recurring year-end adjustments, which in the aggregate are not material, and lack footnotes and other presentation items.

(c) The Company and its Subsidiaries maintain internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(d) The records, systems, controls, data and information of the Company and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of the Company (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 4.10(d). The Company (x) has implemented and maintains disclosure controls and procedures to ensure that material information relating to the Company and its Subsidiaries is made known to the chief executive officer and the chief financial officer of the Company by others within those entities and (y) has disclosed, based on its most recent evaluation, to the Company's outside auditors (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud,

whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. These disclosures were made in writing by management to the Company's auditors, true and complete copies of which have been made available to Parent before the date hereof.

(e) The Company does not have any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) or assets (other than its membership interest in Holdings), and since the date of its incorporation has not conducted any business other than through Partners.

(f) Except as set forth in Section 4.10(f) of the Disclosure Schedule or as reflected in the financial statements described in Section 4.10(b) and delivered to Parent prior to the date hereof, Holdings does not have any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) or assets (other than its membership interest in Partners), and since the date of its formation has not conducted any business other than through Partners.

Section 4.11 Bank Accounts. Section 4.11 of the Disclosure Schedule contains a true, complete and accurate list of (a) the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company or any of its Subsidiaries has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship, (b) a true, complete and accurate list and description of each such account, box and relationship and (c) the name of every Person authorized to draw thereon or having access thereto.

Section 4.12 Debt. Section 4.12 of the Disclosure Schedule sets forth a complete and accurate list of the amounts and types of all of the Company's and its Subsidiaries' outstanding Debt as of the date hereof.

Section 4.13 Absence of Certain Changes. Since the Balance Sheet Date, (a) the Company and its Subsidiaries have been operated in all material respects in the ordinary course of business consistent with past practice, (b) the Company and its Subsidiaries have not taken or agreed to take any of the actions set forth in Section 7.1 hereof, (c) there has not occurred any event or condition that, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect on the Company, and (d) through the date hereof, the Company and its Subsidiaries have not suffered the loss of service of any officers, directors, employees, consultants or agents (collectively, "Personnel") who are material, individually or in the aggregate, to the operations or conduct of the Company.

Section 4.14 Transactions with Affiliates. Except as set forth in Section 4.14 of the Disclosure Schedule, no Related Party (as defined in this Section 4.14) either currently or at any time since December 31, 2005: (i) has or has had any interest in any material property (real or personal, tangible or intangible) that the Company or any of its Subsidiaries uses or has used in or pertaining to the business of the Company or any of its Subsidiaries or (ii) has or has had any business dealings or a financial interest in any transaction with the Company or any of its Subsidiaries or involving any material assets or property of the Company or any of its Subsidiaries. For purposes of this Agreement, the term "Related Party" shall mean as of any time: an officer or director, Stockholder holding more than 2.5% of the Company Shares, any

Holder, employee or Affiliate of the Company or any of its Subsidiaries at such time, any present spouse, stepchild, stepparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, or any child, grandchild, parent, grandparent or sibling, including any adoptive relationships, of any such officer, director or Affiliate of the Company or any of its Subsidiaries or any trust or other similar entity for the benefit of any of the foregoing Persons.

Section 4.15 Contracts.

(a) Section 4.15(a) of the Disclosure Schedule sets forth a complete and accurate list of each Contract of the following types or having the following terms to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or its or their properties or assets is or may be bound as of the date hereof (collectively, the "Company Contracts"):

(i) all Contracts providing for the employment, retention, bonus, severance or other service relationship with any current or former officer, director, employee, consultant or other person requiring compensation by the Company (the name, position or capacity and rate of compensation of each such person and the expiration date of each such Contract being set forth in Section 4.15(a) of the Disclosure Schedule), to the extent there are continuing obligations of the Company or its Subsidiaries thereunder in excess of $50,000;

(ii) all material Contracts (other than employment contracts) with any current or former officer, director, stockholder, employee, consultant, agent or other representative of the Company or any of its Subsidiaries or with an entity in which any of the foregoing is a controlling person;

(iii) (A) all instruments relating to indebtedness for borrowed money, any note, bond, deed of trust, mortgage, indenture or agreement to borrow money, and any agreement relating to the extension of credit or the granting of a Lien other than Permitted Liens, or (B) any Contract of guarantee of credit in favor of any Person or entity in excess of $100,000;

(iv) all lease, sublease, rental, license or other Contracts under which the Company or any of its Subsidiaries is a lessor or lessee of any real property or the guarantee of any such lease, sublease, rental or other Contracts providing for lease or rental payments in excess of $100,000 per annum and a term of at least twelve (12) months;

(v) all Contracts containing any covenant or provision limiting the freedom or ability of the Company or any of its Subsidiaries to engage in any line of business, engage in business in any geographical area or compete with any other Person or requiring exclusive dealings by the Company or any of its Subsidiaries;

(vi) (A) all Contracts for the purchase of materials, inventory, supplies or equipment (including, without limitation, computer hardware and Software), or for the provision of services, involving annual payments of more than $100,000, containing any escalation, renegotiation or redetermination provisions, other than Contracts that are

terminable within ninety (90) days without premium or penalty to the Company or any of its Subsidiaries; and (B) notwithstanding (A), all Contracts (i) with material customers of the business of the Company or any of its Subsidiaries, (ii) for the sale by the Company or any of its Subsidiaries of materials, supplies, inventory or equipment (including, without limitation, computer hardware and Software), or (iii) for the provision of services by the Company or any of its Subsidiaries (including, without limitation, consulting services, data processing and management, and project management services), the performance of which will extend over a period of more than one (1) year and involve consideration in excess of $100,000;

(vii) all partnership or joint venture Contracts;

(viii) all Contracts or purchase orders relating to capital expenditures involving total payments by the Company and its Subsidiaries of more than $100,000 per year;

(ix) all Contracts relating to licenses of Intellectual Property (whether the Company or any of its Subsidiaries is the licensor or licensee thereunder) material to the business of the Company;

(x) all Contracts relating to the future disposition or acquisition of any business enterprise or any interest in any business enterprise;

(xi) all Contracts between or among (A) the Company or any of its Subsidiaries, on the one hand, and (B) any Stockholder (or Holder), such Stockholder's Affiliate (or Holder's Affiliate), or any Related Party (other than the Company), on the other hand;

(xii) Contracts pertaining to the issuance of debt or equity of the Company or any of its Subsidiaries;

(xiii) Contracts which are (A) outside the ordinary course of business for the purchase, acquisition, sale or disposition of any assets or properties or (B) for the grant to any Person of any option or preferential rights to purchase any assets or properties;

(xiv) all engagement letters with clients of the Company or any of its Subsidiaries under which any amount is or may become payable to the Company or any of its Subsidiaries;

(xv) all Contracts under which the Company or any of its Subsidiaries agrees to indemnify any Person; and

(xvi) any other Contract which involves consideration in excess of $100,000 per year.

(b) (i) Each Company Contract is legal, valid, binding and enforceable against the Company or the party to such Company Contract which is a Subsidiary of the Company, as the case may be, and to the Knowledge of the Company as of the date hereof, against each other party thereto, and is in full force and effect, and (ii) neither the Company nor any of its

Subsidiaries nor, to the Knowledge of the Company as of the date hereof, any other party, is in material breach or default, and no event has occurred which could constitute (with or without notice or lapse of time or both) a material breach or default (or give rise to any right of termination, modification, cancellation or acceleration) or loss of any benefits under any Company Contract.

(c) The Company has delivered to Parent complete and accurate copies of each Company Contract through the date hereof and there has been no material modification, waiver or termination of any Company Contract or any material provision thereto through the date hereof. The Company is not contemplating as of the date hereof any modification, waiver or termination of any Company Contract. Except as set forth on Section 4.15(c) of the Disclosure Schedule, no Company Contract is terminable or cancelable as a result of the consummation of the transactions contemplated in this Agreement.

(d) There are no non-competition or non-solicitation agreements or any similar agreements or arrangements that could restrict or hinder the operations or conduct of the business of the Company or any of its Subsidiaries or the use of its properties or assets or any "earn-out" agreements or arrangements (or any similar agreements or arrangements) to which any of the Stockholders (or Holders) or the Company or any of its Subsidiaries is a party or may be subject or bound (other than this Agreement or pursuant to this Agreement).

Section 4.16 Labor. Neither the Company nor any of its Subsidiaries is party to any collective bargaining agreements and there is no labor strike, slowdown, work stoppage or lockout actually pending or, to the Knowledge of the Company, threatened, with respect to the employees of the Company. The Company and each of its Subsidiaries has, in all material respects, complied with applicable Laws relating to the terms and conditions of employment including without limitation such Laws relating to wages and hours, immigration and workplace safety, except for any noncompliance which, individually or in the aggregate, have not had or would not reasonably be expected to have a Material Adverse Effect.

Section 4.17 Insurance. The Company and its Subsidiaries have in place insurance policies in amounts and types that are customary in the industry for similar companies and all such policies are valid and in full force and effect. Section 4.17 of the Disclosure Schedule contains a complete and accurate list of all insurance policies currently maintained relating to the Company and its Subsidiaries. The Company has delivered to Parent complete and accurate copies of all such policies together with (a) all riders and amendments thereto and (b) if completed, the applications for each of such policies. All premiums due on such policies have been paid, and the Company and its Subsidiaries have complied in all material respects with the provisions of such policies and, to the Knowledge of the Company, such policies are valid and in full force and effect. No Proceedings are pending or, to the Knowledge of the Company, threatened, to revoke, cancel, limit or otherwise modify such policies and no notice of cancellation of any of such policies has been received. The Company and its Subsidiaries are in compliance with all warranties contained in all insurance policies.

Section 4.18 Intentionally Omitted.

Section 4.19 Absence of Certain Business Practices. Neither the Company, nor any of its Subsidiaries, nor any Stockholder, Holder, director, officer, employee or agent of the Company or any of its Subsidiaries, nor any other Person acting on behalf of the Company or any of its Subsidiaries, directly or indirectly, has, to the Knowledge of the Company, given or agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other Person which (a) could reasonably be expected to subject the Company or any of its Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or Proceeding or (b) is reasonably likely to, individually or in the aggregate, have a Material Adverse Effect or which could subject the Company or any of its Subsidiaries or Parent or any of its Subsidiaries to suit or penalty in any private or governmental litigation or Proceeding.

Section 4.20 Real Property; Title; Valid Leasehold Interests.

(a) Neither the Company nor any of its Subsidiaries owns or has owned in the three (3) years prior to the date hereof, and is not under any Contract to purchase, any real property.

(b) The Company has delivered or made available to Parent a true, complete, and accurate copy of each real property lease of the Company and its Subsidiaries, together with all amendments, modifications, and extensions thereof (the "Company Leases").

(c) The Company and its Subsidiaries have valid and enforceable leasehold interests in each property covered by each Company Lease. Neither the Company nor any of its Subsidiaries has subleased or granted to any Person the right to use or occupy any such leased property or any portion thereof.

(d) The Company and its Subsidiaries are in compliance in all material respects with the provisions of each Company Lease, and each such Company Lease is in full force in all material respects.

(e) To the Knowledge of the Company, with respect to the Company Leases, there are no (i) material violations of building codes and/or zoning ordinances or other governmental or regulatory laws affecting the applicable real property, (ii) existing, pending, or threatened condemnation proceedings affecting any such real property or (iii) existing, pending, or threatened zoning, building code, or similar matters, which are reasonably likely to interfere with the operations of the Company's or any of its Subsidiaries' business in any material respect.

Section 4.21 Environmental. Except as could not reasonably be likely to result in a material liability to the Company or any of its Subsidiaries, there has been no Release or, to the Knowledge of the Company, threatened Release of any Hazardous Materials at, on, under or from any property currently or formerly owned, leased or operated by the Company or any of its Subsidiaries or any other location.

Section 4.22 Employee Benefits.

(a) Section 4.22(a) of the Disclosure Schedule contains a list of: (i) each "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and referred to herein as a "Pension Plan"), (ii) each

"employee welfare benefit plan" (as defined in Section 3(1) of ERISA and referred to herein as a "Welfare Plan") and (iii) each other "Benefit Plan" (defined herein as any Pension Plan, Welfare Plan and any other plan, fund, program, arrangement or agreement (including any employment or consulting agreement or any employee stock ownership plan) to provide medical, health, disability, life, bonus, incentive, stock or stock-based right (option, ownership or purchase), retirement, deferred compensation, severance, change in control, salary continuation, vacation, sick leave, fringe, incentive insurance or other benefits) to any current or former employee, officer, director or consultant of the Company or any of its Subsidiaries, or to any worker providing services to the Company or any of its Subsidiaries through an employee leasing arrangement, that is maintained, or contributed to, or required to be contributed to, by the Company or any of its Subsidiaries, or with respect to which the Company or any of its Subsidiaries has any liability. With respect to each Benefit Plan, the Company has delivered or made available to Parent true, complete and accurate copies of: (i) such Benefit Plan (or, in the case of an unwritten Benefit Plan, a written description thereof), (ii) the three (3) most recent IRS Form 5500 annual reports filed with the IRS (if any such report was required), (iii) the most recent summary plan description and all subsequent summaries of material modifications for such Benefit Plan (if a summary plan description was required), (iv) each trust agreement and group annuity contract relating to such Benefit Plan, if any, (v) the most recent determination letter from the IRS with respect to such Benefit Plan, if any, and (vi) the most recent actuarial valuation with respect to such Benefit Plan, if any.

(b) Each Benefit Plan has, in all material respects, been established, funded, maintained and administered in compliance with its terms and with the applicable provisions of ERISA, the Code and all other applicable Laws. Neither the Company nor any of its Subsidiaries has undertaken or committed to make any amendments to any such Benefit Plan (other than amendments which have been provided to Parent prior to the date hereof) or to establish, adopt or approve any new plan that, if in effect on the date hereof, would constitute a Benefit Plan.

(c) Each Pension Plan and any trust established pursuant thereto intended to be qualified and tax exempt under Sections 401(a) and 501(a) have been the subject of a favorable and up-to-date determination letter from the IRS (or if not up to date, the period to apply for an up-to-date determination letter has not elapsed) or an up-to-date opinion letter from the IRS upon which the Company is entitled to rely with respect to such Pension Plan to the effect that such Pension Plan and trust are qualified and exempt from federal income taxes under Section 401(a) and 501(a), respectively, of the Code. To the Knowledge of the Company, there are no circumstances or events that have occurred that could reasonably be expected to result in the disqualification of any Pension Plan.

(d) Neither the Company nor any of its Subsidiaries nor any ERISA Affiliate of the Company or any of its Subsidiaries has maintained, contributed to or been required to contribute to any benefit plan in the past six years that is subject to the provisions of Section 412 of the Code or Title IV of ERISA. Neither the Company nor any of its Subsidiaries nor any ERISA Affiliate maintains or has an obligation to contribute to or has within the past six (6) years maintained or had an obligation to contribute to a "multiemployer plan." For purposes hereof, "ERISA Affiliate" means, with respect to any entity, trade or business, any other entity, trade or business that is, or was at the relevant time, a member of a

group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business or that is, or was at the relevant time, a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

(e) Neither the Company nor any of its Subsidiaries has any liability for life, health, medical or other welfare benefits for former employees or beneficiaries or dependents thereof with coverage or benefits under Benefit Plans, other than as required by COBRA or any other applicable Law. Except as would not reasonably be expected to result in a material liability, all contributions or premiums owed by the Company or any of its Subsidiaries with respect to Benefit Plans under Law, contract or otherwise have been paid on a timely basis and all contributions required to be made under each Benefit Plan have been timely made and, to the extent not required to be contributed or paid, all obligations in respect of each Benefit Plan have been properly accrued or reflected in the Financial Statements. There are no pending or, to the Knowledge of the Company, threatened, claims, lawsuits, arbitrations or audits asserted or instituted against any Benefit Plan, any fiduciary (as defined by Section 3(21) of ERISA) of any Benefit Plan, the Company or any of its Subsidiaries, or any employee or administrator thereof, in connection with the existence, operation or administration of a Benefit Plan (other than claims in the ordinary course), in each case that could reasonably be expected to result in a material liability. To the Knowledge of the Company, with respect to each Benefit Plan, there has not occurred, and no Person whom the Company has an obligation to indemnify is contractually bound to enter into, any nonexempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA that could, individually or in the aggregate, reasonably be expected to result in material liability.

(f) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) cause or result in the accelerated vesting, funding or delivery of, or increase the amount or value of any Benefit Plan, (ii) cause or result in the obligation to fund any Benefit Plan or (iii) cause or result in a limitation on the right of the Company or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Benefit Plan or related trust. Without limiting the generality of the foregoing, no amount paid or payable pursuant to the terms of a Benefit Plan by the Company or any of its Subsidiaries in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) will be an "excess parachute payment" within the meaning of Section 280G of the Code.

(g) The Company does not maintain any Benefit Plans (i) outside the U.S. or (ii) for the benefit of any individual whose principal place of employment is outside the U.S.

Section 4.23 Employees.

(a) The Company has delivered or made available to Parent a true and correct schedule setting forth (i) the name, title and total compensation in respect of the Company's 2008 fiscal year of each officer and director of the Company and each of its Subsidiaries and each other employee, consultant and agent, (ii) all bonuses and other incentive compensation received by such Persons in respect of the Company's 2008 fiscal year and (iii) all Contracts or commitments by the Company or any of its Subsidiaries to increase the compensation or to

modify the conditions or terms of employment of any of its officers or directors, or employees, consultants and agents.

(b) To the Knowledge of the Company, no officer, director or employee of the Company or any of its Subsidiaries is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, non-competition, or proprietary rights agreement, between such Person and any other Person that could reasonably be expected to (i) prohibit the performance by such Person of his/her duties for or on behalf of the Company or any of its Subsidiaries or (ii) adversely affect the ability of the Company or any of its Subsidiaries to conduct its or their primary business.

(c) Neither the Company nor any of its Subsidiaries has classified any individual as an "independent contractor" or similar status who, under applicable Law or the provisions of any Benefit Plan, should have been classified as an employee. Neither the Company nor any of its Subsidiaries has any material liability by reason of any individual who provides or provided services to the Company or any of its Subsidiaries, in any capacity, being improperly excluded from participating in any Benefit Plan.

(d) No executive, key employee or significant group of employees has informed the Company or any of its Subsidiaries of his, her or its definite intent to terminate employment with the Company or any of its Subsidiaries during the next twelve (12) months.

Section 4.24 Taxes and Tax Returns. Except as set forth in Section 4.24 of the Disclosure Schedule:

(a) All material Tax Returns required to be filed by or with respect to the Company and the Company's Subsidiaries or their respective assets and operations (but not any Tax Returns of, or required to be filed by, any Selling Party) ("Company Tax Returns") have been timely filed (taking into account valid extensions of the time for filing). All such Company Tax Returns (i) were prepared in the manner required by applicable Law and (ii) are true, complete and accurate in all material respects. True, complete and accurate copies of all federal, state, local and foreign Company Tax Returns filed in the previous three (3) years have been provided to Parent prior to the date hereof.

(b) The Company and the Company's Subsidiaries have timely paid, or caused to be paid, all material Taxes required to be paid by them, whether or not shown (or required to be shown) on a Tax Return (except for Taxes being contested in good faith with a Taxing Authority and for which there is a sufficient reserve (without regard to deferred Tax assets and liabilities) on the balance sheet included in the Financial Statements), and the Company and the Company's Subsidiaries have established, in accordance with GAAP, a sufficient reserve (without regard to deferred Tax assets and liabilities) on the balance sheet included in the Financial Statements for the payment of all material Taxes not yet due and payable. Since December 31, 2008, neither the Company nor any of the Company's Subsidiaries has incurred any liability for Taxes other than Taxes incurred in the ordinary course of business.

(c) The Company and the Company's Subsidiaries (i) have complied in all material respects with the provisions of the Code relating to the withholding and payment of Taxes,

including the withholding and reporting requirements under Sections 1441 through 1464, 3101 through 3510, and 6041 through 6053 of the Code and related Treasury Regulations, (ii) have complied in all material respects with all provisions of state, local and foreign Law relating to the withholding and payment of Taxes, and (iii) have, within the time and in the manner prescribed by Law, withheld the applicable amount of material Taxes required to be withheld from amounts paid to any employee, independent contractor or other third party and paid over to the proper Governmental Authorities all amounts required to be so paid over.

(d) Within the five (5) years prior to the date hereof, none of the Company Tax Returns have been audited by the IRS or any state, local or foreign Taxing Authority and no adjustment relating to any Company Tax Return has been proposed or threatened in writing by any Taxing Authority. Neither the Company nor any of the Company's Subsidiaries has entered into a closing agreement pursuant to Section 7121 of the Code (or an analogous provision of state, local or foreign Law). To the Knowledge of the Company, there are no examinations or other administrative or court proceedings relating to Taxes in progress or pending, and there is no existing, pending or threatened in writing claim, proposal or assessment against the Company or any of the Company's Subsidiaries or relating to its assets or operations asserting any deficiency for Taxes.

(e) Within the five (5) years prior to the date hereof, no written claim has ever been made by any Taxing Authority with respect to the Company or any Subsidiary of the Company in a jurisdiction where the Company or such Subsidiary does not file Tax Returns that the Company or such Subsidiary is or may be subject to taxation by that jurisdiction. There are no security interests on any of the assets of the Company or the Company's Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Taxes and, except for liens for real and personal property Taxes that are not yet due and payable, there are no liens for any Taxes upon any assets of the Company or the Company's Subsidiaries.

(f) No extension of time with respect to any date by which a Company Tax Return was or is to be filed is in force, and no written waiver or agreement by the Company or any of the Company's Subsidiaries is in force for the extension of time for the assessment or payment of any Taxes.

(g) Neither the Company nor any of the Company's Subsidiaries has granted a power of attorney, which power of attorney is still in effect as of the date hereof, to any Person with respect to any Taxes.

(h) Neither the Company nor any of the Company's Subsidiaries (i) is a party to any contract, agreement, plan or arrangement relating to allocating or sharing the payment of, indemnity for, or liability for, Taxes (other than any such contract, agreement, plan or arrangement between or among the Company and/or its Subsidiaries), (ii) is or has ever been a member of any affiliated group that filed or was required to file an affiliated, consolidated, combined or unitary Tax Return (other than the group of which the Company or any of the Company Subsidiaries is the common parent), (iii) has any liability for the Pre-Closing Tax Period Taxes of another Person pursuant to Treasury Regulation Section 1.1502-6 (or any comparable provision of Law) (other than such liability for the group of which the Company or any of the Company Subsidiaries is the common parent), or (iii) has any liability for

Pre-Closing Tax Period Taxes of any other Person as a transferee or successor, or by contract or otherwise.

(i) Neither the Company nor any of the Company's Subsidiaries is, or has been, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. No transaction contemplated by this Agreement is subject to withholding under Section 1445 of the Code or otherwise.

(j) Neither the Company nor any of the Company's Subsidiaries has participated in any "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b).

(k) The Company made a valid election under Subchapter S of the Code to which all Persons who were shareholders on the date of such election gave their (and if necessary each shareholder's spouse gave his or her) consent and such election became effective on March 18, 1999. The Company is, and has been since the date of its incorporation, an S corporation (as defined in Section 1361 of the Code). With respect to all states in which the Company files Tax Returns and which, for state Tax purposes, allow a corporation to be treated as an "S corporation" or similar entity entitled to special Tax treatment, all elections for such treatment have been properly and validly made in such states and the Company has complied at all times with all applicable requirements and filing procedures for such treatment.

(l) The Company has not taken or agreed to take any action (nor is it aware of any agreement, plan or circumstance) that to the Knowledge of the Company is reasonably likely to prevent the Merger from being treated as a "reorganization" within the meaning of Section 368(a) of the Code.

(m) Neither the Company nor any of the Company's Subsidiaries has been included with any other entity in any consolidated, combined, unitary or similar return for any Tax period for which the statute of limitations has not expired (other than a Tax Return for a group of which the Company or any Company Subsidiary was the common parent).

(n) Neither the Company nor any of the Company's Subsidiaries has been a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (x) in the two (2) years prior to the date of this Agreement or (y) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(o) Neither the Company nor any of the Company's Subsidiaries will be required to include any item of income, or exclude any item of deduction from taxable income, for any taxable period (or portion thereof) ending after the Closing Date as a result of: (i) an installment sale or open transaction disposition on or before the Closing Date or (ii) any change in method of accounting for a taxable period ending on or before the Closing Date.

(p) Gleacher Partners Ltd. has filed an IRS Form 8832 (Entity Classification Election) electing classification as a disregarded entity for U.S. federal and state income Tax purposes, effective on a date prior to the date hereof.

(q) Since the date of its formation, Gleacher Partners (Asia) Ltd. has been an inactive corporation, has recognized no income and has incurred only a de minimis amount of expenses.

Notwithstanding anything to the contrary in this Agreement, it is understood and agreed that no representation or warranty is made by the Company or its Subsidiaries in respect of Tax matters in any Section of this Agreement other than this Section 4.24.

Section 4.25 Intellectual Property Rights.

(a) Section 4.25(a) of the Disclosure Schedule lists all registered Owned Company Intellectual Property (other than Trade Secrets).

(b) Except as set forth in Section 4.25(b) of the Disclosure Schedule, (i) all registrations for material Owned Company Intellectual Property are valid and in force in all material respects, and (ii) all applications to register any unregistered material Owned Company Intellectual Property Rights are pending and in good standing in all material respects, all without challenge. No claims are pending or, to the Knowledge of the Company, have been threatened in writing to the Company or any of its Subsidiaries challenging the validity, enforceability or ownership by the Company or any of its Subsidiaries of any of the material Owned Company Intellectual Property.

(c) Each item of material Company Intellectual Property is either: (i) owned by the Company or any of its Subsidiaries free and clear of any Liens; or (ii) rightfully used and authorized for use by the Company or any of its Subsidiaries pursuant to a valid and enforceable written Contract.

(d) To the Knowledge of the Company, the activities of the Company and its Subsidiaries, the Owned Company Intellectual Property and any Company Intellectual Property licensed exclusively to the Company or any of its Subsidiaries in any field of use does not infringe, dilute or misappropriate the Intellectual Property of any third Person. Neither the Company nor any of its Subsidiaries has received any written claim or notice from any Person alleging the Company or any of its Subsidiaries is engaging in any activity that infringes, or that any of the material Owned Company Intellectual Property or any material Company Intellectual Property licensed exclusively to the Company or any of its Subsidiaries in any field of use infringes upon, any Intellectual Property of any third Person. Neither the Company nor any of its Subsidiaries has received any written claim or notice from any Person challenging the Company's or any of its Subsidiaries' ownership or right to use any of the material Owned Company Intellectual Property or any material Company Intellectual Property licensed exclusively to the Company or any of its Subsidiaries; and there are no infringement suits, actions or proceedings pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries with respect to any third Person's Intellectual Property. To the Knowledge of the Company, no Person is engaging in any activity that infringes, dilutes or misappropriates any of the material Owned Company Intellectual Property or any material Company Intellectual Property licensed exclusively to the Company or any of its Subsidiaries in any field of use.

Section 4.26 Information Technology; Security & Privacy. All material information technology and computer systems (including Software, information technology and telecommunication hardware and other equipment) relating to the transmission, storage, maintenance, organization, presentation, generation, processing or analysis of data and information whether or not in electronic format, used in or necessary to the conduct of the business of the Company or any of its Subsidiaries (collectively, "Company IT Systems") have been properly maintained in all material respects by technically competent personnel, in accordance with standards set by the manufacturers or otherwise in accordance with standards prudent in the industry, to ensure proper operation, monitoring and use. The Company IT Systems are in all material respects in good working condition to effectively perform all information technology operations necessary to conduct the business of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has experienced within the past three (3) years any material disruption to, or material interruption in, its conduct of business attributable to a defect, bug, breakdown or other failure or deficiency of the Company IT Systems. The Company and its Subsidiaries have taken commercially reasonable measures to provide for the back-up and recovery of the data and information necessary to the conduct of the business of the Company and its Subsidiaries (including such data and information that is stored on magnetic or optical media in the ordinary course) without material disruption to, or material interruption in, the conduct of the business of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is in material breach of any material Contract related to any Company IT System.

Section 4.27 State Takeover Statutes. No state takeover or similar statute or regulation is applicable to the Transaction, this Agreement or any of the transactions contemplated hereby.

Section 4.28 No Broker. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee payable by the Company in connection with any of the transactions contemplated by this Agreement.

Section 4.29 Regulatory Matters. In addition to, and without limiting the generality of, the foregoing representations and warranties, including, but not limited to, those contained in Sections 4.3 and 4.4 hereof:

(a) Since December 31, 2005, the Company and its Subsidiaries have timely filed all registrations, declarations, reports, notices, forms and other filings required to be filed by it with the SEC, FINRA, or any other Governmental Authority (including applicable state securities regulatory bodies), and all amendments or supplements to any of the foregoing.

(b) The Company has made available to Parent a copy of the currently effective Form BD as filed by the Company and its Subsidiaries with the SEC. Except as set forth in Section 4.29(b) of the Disclosure Schedule, the information contained in such form was complete and accurate in all material respects as of the time of filing thereof and remains complete and accurate in all material respects as of the date hereof.

(c) Except with respect to employees in training or employees who have been employed by the Company or any of its Subsidiaries for fewer than 90 days, all of the

employees who are required to be licensed or registered to conduct the business of the Company and its Subsidiaries are duly licensed or registered in each state and with each Governmental Authority in which or with which such licensing or registration is so required.

(d) Neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Company, any of its or their employees or "associated persons" (as defined in the Exchange Act) has been the subject of any disciplinary proceedings or orders of any Governmental Authority arising under applicable Laws. No such disciplinary proceeding or order is pending or, to the Knowledge of the Company, threatened. Neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Company, any of its or their employees or associated persons has been permanently enjoined by the order of any Governmental Authority from engaging or continuing any conduct or practice in connection with any activity or in connection with the purchase or sale of any security. Neither the Company nor any of its Subsidiaries is or has been ineligible to serve as a broker-dealer or an associated person of a broker-dealer under Section 15(b) of the Exchange Act (including being subject to any "statutory disqualification" as defined in Section 3(a)(39) of the Exchange Act). None of the Company's or any of its Subsidiaries' employees or associated persons are or, to the Knowledge of the Company, have been ineligible to serve as a broker-dealer or an associated person of a broker-dealer under Section 15(b) of the Exchange Act (including being subject to any "statutory disqualification" as defined in Section 3(a)(39) of the Exchange Act).

(e) As of the date of this Agreement, the Company and its Subsidiaries are, and at all times until the Closing the Company and its Subsidiaries shall be, in compliance with Rules 15c3-1 and 15c3-3 under the Exchange Act and FINRA Rule 3130, and as of the date of this Agreement, the Company and its Subsidiaries have sufficient net capital such that it is not required to effect an early warning notification pursuant to Rule 17a-11 under the Exchange Act.

(f) The information provided by the Company and its Subsidiaries to the Central Registration Depository with respect to the employees of the Company or any of its Subsidiaries (including any Form BD, Form U4 or Form U5) is true, accurate and complete in all material respects.

(g) Each of the Company and its Subsidiaries and each of its and their respective officers, employees and "associated persons" (as defined under the Exchange Act) who are required to obtain a Permit as a broker-dealer, a principal, a representative, an agent or a salesperson (or any limited subcategory thereof) with the SEC or a Governmental Authority are duly registered as such and such registrations, all of which are set forth on Section 4.29(g) of the Disclosure Schedule, are in full force and effect. All such Permits have been complied with in all material respects, and such Permits as currently filed, and all periodic and other reports required to be filed with respect thereto, are accurate and complete in all material respects. The information contained in such Permits, forms and reports was true and complete in all material respects as of the date of the filing thereof, and timely amendments were filed, as necessary, to correct or update any information reflected in such registrations, forms or reports. Section 4.29(g) of the Disclosure Schedule hereto sets forth all Governmental Authorities with which any of the Company or its Subsidiaries is registered, licensed, authorized or approved as a broker-dealer, including any membership in any such

Governmental Authority. Each of the Company and its Subsidiaries, by virtue of its broker-dealer activities, is not required to be registered or obtain a Permit in any jurisdiction other than those listed in Section 4.29(g) of the Disclosure Schedule.

Section 4.30 Significant Clients. Section 4.30 of the Disclosure Schedule lists, for the current fiscal year through the date of this Agreement and the three prior fiscal years (i) all of the clients of the Company and its Subsidiaries that made any payment to the Company or any of its Subsidiaries during any such period; and (ii) the amounts paid to the Company and its Subsidiaries by each such client. Neither the Company nor any of its Subsidiaries has received notice prior to the date hereof from any of such clients that a client has a material dispute with the Company, and, to the Knowledge of the Company as of the date hereof, none of such clients has any material disputes with the Company or any of its Subsidiaries.

Section 4.31 Absence of Undisclosed Liabilities. Except for (a) specifically those liabilities or obligations described on the Disclosure Schedule, (b) those liabilities that are reflected or reserved against on the Financial Statements delivered to Parent prior to the date hereof and (c) liabilities incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date or obligations under this Agreement or the Ancillary Agreements, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be material to the business of the Company and its Subsidiaries.

Section 4.32 Investment Advisory Activities. The conduct of the business of the Company and its Subsidiaries, as presently conducted and as conducted at all times prior to the date hereof, does not require the Company or any of its Subsidiaries or any of their respective officers or employees to be registered as an investment adviser under the Investment Advisers Act of 1940 or as an investment adviser or investment adviser representative or agent under the Laws of any Governmental Authority.

Section 4.33 Information Supplied. None of the information supplied or to be supplied by or on behalf of the Company for inclusion or incorporation by reference in the Information Statement (as defined below) shall, at the time the Information Statement is first mailed to the holders of Parent Common Stock, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE SELLING PARTIES

Except as set forth in the Disclosure Schedules, each Selling Party hereby represents and warrants to Parent, severally and not jointly, as of the date hereof and as of the Closing Date (or as of such other date as may be expressly provided in any representation or warranty), as to such Selling Party, as follows:

Section 5.1 Ownership of the Company Shares or Interests. Such Selling Party is the owner, beneficially and of record, of the Company Shares set forth opposite such Selling Party's

name on Exhibit A hereto (or, as applicable, the Interests set forth opposite such Selling Party's name on Exhibit A hereto), free and clear of any and all Liens. Such Selling Party is not party to or otherwise bound by, and to the Knowledge of such Selling Parties, there are no restrictions upon, or voting trusts, proxies or other agreements or understandings of any kind with respect to, the voting, purchase, redemption, acquisition or transfer of, or the declaration or payment of any dividend or distribution on, the Company Shares or Interests, as applicable, owned by such Selling Party. Neither the Company Shares nor the Interests are subject to any preemptive right, right of first refusal or other right or restriction. Each Holder represents that it is transferring the Interests to be transferred by such Holder pursuant to the Interests Purchase free and clear of any and all Liens.

Section 5.2 Acquisition of Parent Stock.

(a) Such Selling Party is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

(b) The Parent Common Stock to be received by such Selling Party as Merger Consideration or Interests Purchase Consideration, as the case may be, is being acquired by such Selling Party for its own account for the purpose of investment and not (A) with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act or (B) for the account or benefit of, as a nominee or agent for, or on behalf of any Person in circumstances that would preclude Parent and Merger Sub from relying on any exemption from the registration requirements under the Securities Act.

(c) Such Selling Party understands that the Parent Common Stock to be issued to such Selling Party as Merger Consideration or Interests Purchase Consideration, as the case may be, will be issued in reliance upon Rule 506 of Regulation D under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, and such Selling Party will not, without the prior written consent of Parent, offer, sell, pledge or otherwise transfer the Parent Common Stock except as permitted under applicable Law.

(d) Such Selling Party has not, and none of its Affiliates or any person acting on behalf of such Selling Party or any such Affiliate has, engaged or will engage in any general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) with respect to the Parent Common Stock.

(e) To the knowledge of such Selling Party, the Transactions contemplated by this Agreement (A) have not been pre-arranged with a buyer of the Parent Common Stock in circumstances that would preclude Parent and Merger Sub from relying on any exemption from the registration requirements under the Securities Act, and (B) are not part of a plan or scheme to evade the registration requirements of the Securities Act.

(f) Such Selling Party understands that the Parent Common Stock has not been registered under the Securities Act by reason of a specific exemption therefrom, and may not be transferred or resold except pursuant to an effective registration statement or pursuant to an exemption from registration (and based upon an opinion of counsel reasonably satisfactory to Parent and its counsel) and each certificate representing the Parent Common Stock will be

endorsed with the following legends (which Parent shall cause to be removed at such Selling Party's request at such time as such transfer restrictions no longer apply):

(i) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, GIFTED, ASSIGNED, DISTRIBUTED, CONVEYED, PLEDGED, HYPOTHECATED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, GIFT, ASSIGNMENT, DISTRIBUTION, CONVEYANCE, PLEDGE, HYPOTHECATION, ENCUMBRANCE OR DISPOSITION IS DONE (1) WITH THE WRITTEN CONSENT OF BROADPOINT SECURITIES GROUP, INC., (2) PURSUANT TO A TENDER OFFER WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, FOR ANY OR ALL OF THE COMMON STOCK OF BROADPOINT SECURITIES GROUP, INC., (3) IN CONNECTION WITH ANY PLAN OF REORGANIZATION, RESTRUCTURING, BANKRUPTCY, INSOLVENCY, MERGER OR CONSOLIDATION, RECLASSIFICATION, RECAPITALIZATION, OR, IN EACH CASE, SIMILAR CORPORATE EVENT OF BROADPOINT SECURITIES GROUP, INC., (4) THROUGH AN INVOLUNTARY TRANSFER PURSUANT TO OPERATION OF LAW, OR (5) IN COMPLIANCE WITH THE PROVISIONS OF AND THE RESTRICTIONS CONTAINED IN THAT CERTAIN AGREEMENT AND PLAN OF MERGER, BY AND AMONG BROADPOINT SECURITIES GROUP, INC., MAGNOLIA ADVISORY LLC, GLEACHER PARTNERS INC. AND THE OTHER PARTIES THERETO (COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY). IN ADDITION, NO TRANSFER, SALE, GIFT, ASSIGNMENT, DISTRIBUTION, CONVEYANCE, PLEDGE, HYPOTHECATION, ENCUMBRANCE OR DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER (THE "ACT") AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS, OR EXCEPT PURSUANT TO RULE 144 OR REGULATION S OR OTHER APPLICABLE EXEMPTION UNDER THE ACT."; and

(ii) Any other legend required to be placed thereon by applicable United States federal or state, or other applicable state and foreign securities laws.

Section 5.3 Authorization and Effect of Agreement.

(a) Such Selling Party has all requisite right, capacity and authority to execute and deliver this Agreement and the Ancillary Agreements to which such Selling Party is or is proposed to be a party and to perform the obligations applicable to such Selling Party hereunder and under any such Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements by such Selling Party and the performance by such Selling Party of the obligations applicable to such Selling Party hereunder and thereunder, as the case may be, and the consummation of the transactions contemplated hereby and thereby, as the case may be, have been duly authorized and no other action on the part of such Selling Party is necessary to

authorize the execution and delivery of this Agreement and the Ancillary Agreements to which such Selling Party is or is proposed to be a party or the consummation of the transactions contemplated hereby or thereby. This Agreement and the Ancillary Agreements that have been executed on the date hereof have been, and, upon execution by the Stockholders at the Closing, each other Ancillary Agreement will be, duly and validly executed and delivered by such Selling Party and, assuming due authorization, execution and delivery hereof by the other parties hereto and thereto, constitutes (or, with respect to such other Ancillary Agreements, will constitute) legal, valid and binding obligations of such Selling Party, enforceable against such Selling Party in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting or relating to creditors' rights generally and subject, as to enforceability, to general principles of equity.

(b) If such Selling Party is a natural person, such Selling Party is competent to execute and deliver this Agreement and the Ancillary Agreements to which it is or is proposed to be a party, to consummate the transactions contemplated hereby and thereby and to comply with the provisions hereof and thereof. If such Selling Party is a natural person and is married, and such Selling Party's Company Shares (or Interests, as applicable) constitute community property or such Selling Party otherwise needs spousal or other approval for this Agreement to be valid and binding, the execution, delivery and performance of this Agreement, the consummation by such Selling Party of the transactions contemplated hereby and the compliance by such Selling Party of the provisions hereof have been duly authorized by, and, assuming the due authorization, execution and delivery by each of the other parties thereto, constitutes a legal, valid and binding obligation of, such Selling Party's spouse, enforceable against such spouse in accordance with its terms.

Section 5.4 Consents and Approvals; No Violations. Except as set forth in Section 5.4 of the Disclosure Schedule, no filing with, and no Permit or Consent of any Governmental Authority or any other Person is necessary to be obtained, made or given by such Selling Party in connection with the execution and delivery by such Selling Party of this Agreement or any Ancillary Agreement to which such Selling Party is, or is proposed to be, a party, the performance by such Selling Party of the obligations applicable to such Selling Party hereunder or thereunder and the consummation of the transactions contemplated hereby or thereby. Neither the execution and delivery by such Selling Party of this Agreement or any such Ancillary Agreement nor the consummation by such Selling Party of the transactions contemplated by this Agreement or any such Ancillary Agreement nor compliance by such Selling Party with any of the provisions hereof or thereof will (a) if such Selling Party is a trust, conflict with or result in any breach of any provisions of the trust agreement or other constitutive documents of such Selling Party, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, modification, cancellation or acceleration or loss of material benefits) under any of the terms, conditions or provisions of any Contract to which such Selling Party is a party or may otherwise be subject or bound or result in the creation of any Lien on the Company Shares or Interests, as applicable, owned or held by such Selling Party or any of the assets or properties of the Company or any of its Subsidiaries, or (c) violate any Permit or Law applicable to such Selling Party or to which such Selling Party or any of his, her or its assets or properties may be subject or bound.

Section 5.5 Litigation. There is no Proceeding pending or, to the Knowledge of such Selling Party, threatened, that relates to the ownership of the Company Shares or the Interests, as applicable, by such Selling Party. There are no outstanding Orders imposed by any Governmental Authority that apply, in whole or in part, to the Company Shares or Interests, as applicable, owned by such Selling Party.

Section 5.6 Selling Party Agreements. Such Selling Party is not a party to, nor is otherwise bound by, any Contract, including any confidentiality, non-competition, non-solicitation or proprietary rights agreement, between such Selling Party and any other Person that will (a) materially and adversely affect the ability of the Company or any of its Subsidiaries, the Surviving Company or any of its respective Affiliates to conduct their business from and after the Closing, or (b) if such Selling Party is an employee, officer or director of the Company or any of its Subsidiaries, materially impair or restrict the ability of such Selling Party to operate, control, manage or work for the Company or any of its Subsidiaries, the Surviving Company or any of its respective Affiliates from and after the Closing (in each case, other than Contracts entered into with Parent, Merger Sub or any of their respective Affiliates in connection with or contemplation of this Agreement).

Section 5.7 Selling Party's Affiliates. Except as set forth in Section 5.7 of the Disclosure Schedule, such Selling Party is not an Affiliate of, nor otherwise has any other economic interest in, any other Stockholder or Holder.

Section 5.8 Short Sales and Confidentiality Prior to the Date Hereof. Other than the transaction contemplated hereunder, such Selling Party has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Selling Party, executed any Prohibited Transaction, in or with respect to the securities of Parent during the period commencing from the date hereof until the earlier to occur of (i) Parent's issuance of a press release disclosing the transactions contemplated hereby and (ii) Parent's filing of a Current Report on Form 8-K disclosing the transactions contemplated hereby. Other than confidential disclosures to other Persons party to this Agreement and other than confidential disclosures made to such Selling Party's representatives and family members, such Selling Party has maintained the confidentiality of all disclosures made to it in connection with this transaction (including through the date hereof the existence and terms of this transaction). "Prohibited Transaction" shall mean any hedging or other transaction which is designed to or could reasonably be expected to lead to or result in, or be characterized as, a sale, an offer to sell, a solicitation of offers to buy, disposition of, loan, pledge or grant of any right with respect to Parent Common Stock by the Selling Party or any Person acting on behalf of or pursuant to any understanding with such Selling Party. Such prohibited hedging or other transaction could include without limitation effecting any short sale (whether or not such sale or position is "against the box") or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to Parent Common Stock or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from Parent Common Stock.

Section 5.9 Released Matters. Such Selling Party has not knowingly assigned or transferred or purported to assign or transfer to any Person any Released Matters and no Person other than such Selling Party has any interest in any Released Matter by Law or Contract by

virtue of any action or inaction by such Selling Party, except for any such interest conferred under the Laws of estate or succession.

Section 5.10 Information Supplied. None of the information supplied or to be supplied by or on behalf of such Selling Party for inclusion or incorporation by reference in the Information Statement (as defined below) shall, at the time the Information Statement is first mailed to the holders of Parent Common Stock, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the Disclosure Schedules, Parent and Merger Sub each represents and warrants to the Selling Parties as of the date hereof and as of the Closing Date (or as of such other date as may be expressly provided in any representation or warranty) as follows:

Section 6.1 Organization and Good Standing. Parent is duly incorporated, validly existing and in good standing under the laws of the State of New York, and Merger Sub is duly organized, validly existing and in good standing under the laws of the State of Delaware, and each of the Buying Parties have all requisite power and authority to own, lease, operate and otherwise hold its properties and assets and to carry on its business as presently conducted. Each of the Buying Parties is duly qualified or licensed to do business as a foreign corporation and is in good standing in every jurisdiction in which the nature of the business conducted by it or the assets or properties owned or leased by it requires qualification. Merger Sub is, and has been at all times since the date of its formation, wholly owned by Parent and a disregarded entity for U.S. federal and state income Tax purposes. Parent has provided the Company and the Selling Parties' Representative with true, correct and complete copies of the organizational documents of Merger Sub. Each Subsidiary of Parent (i) is duly incorporated or duly formed, as applicable to each such Subsidiary, and validly existing and in good standing under the laws of its jurisdiction of organization, (ii) has the requisite corporate power and authority or other power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted and (iii) is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary.

Section 6.2 Authorization and Effect of Agreement. Each of the Buying Parties has all requisite right, power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or is proposed to be a party and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements to which it is a party and the performance by the Buying Parties of their obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the board of directors of Parent, and by the written consent of Parent, as sole member of Merger Sub and no other corporate or other action on the part of any Buying Party is necessary to authorize the execution and delivery of this Agreement and the Ancillary Agreements to

which it is or is proposed to be a party. The acquisition by the Selling Parties who will be officers or directors of Parent after the Merger of the Parent Common Stock to be issued in the Merger has been approved by the Board of Directors of Parent and such approval specifies (i) the name of each such officer or director, (ii) the number of shares of Parent Common Stock to be received by such officer or director in the Merger and (iii) that the approval is given for the purpose of exempting the receipt of such shares from the applicability of Section 16(b) of the Exchange Act pursuant to Rule 16b-3 promulgated thereunder. No approval or consent of the stockholders of Parent is required under applicable Law or under any applicable contractual obligation in connection with the consummation of the Transactions other than the consent of the Principal Parent Stockholder set forth in the Stockholders Consent. This Agreement and the Ancillary Agreements have been duly and validly executed and delivered by the Buying Parties and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Buying Parties enforceable against the Buying Parties in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 6.3 Consents and Approvals; No Violations. Except for (i) the matters set forth in Section 4.3(i), (ii), and (iii) hereof; (ii) the mailing of the Information Statement to Parent's shareholders; (iii) such filings as are required to be made with the SEC in connection with this Agreement under the Exchange Act; and (iv) such filings as may be made with the SEC and other Governmental Authorities under applicable securities laws in connection with this Agreement or the Registration Rights Agreement, no filing with, and no Permit or Consent of any Governmental Authority or any other Person is necessary to be obtained, made or given by any Buying Party in connection with the execution and delivery by the Buying Parties of this Agreement and any Ancillary Agreement to which any Buying Party is a party, the performance by the Buying Parties of their obligations hereunder and thereunder and the consummation by the Buying Parties of the Transactions. The execution and delivery of this Agreement by each of the Buying Parties and the execution and delivery by such Buying Party of each Ancillary Agreement to which such Buying Party is or is proposed to be, a party, the consummation by the Buying Parties of the transactions contemplated hereby and thereby, and the compliance by the Buying Parties with any of the provisions hereof or thereof will not (a) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws of Parent or the organizational documents of Merger Sub, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration or loss of material benefits) under any of the terms, conditions or provisions of any Contract to which Parent or Merger Sub is a party or otherwise may be subject to or bound or result in the creation of any Lien (other than Permitted Liens) on any of the assets or properties of Parent or Merger Sub, or (c) violate any Permit or Law applicable to Parent or Merger Sub or to which Parent or Merger Sub or any of its assets or properties may be subject to or bound, except in the case of (b) or (c), any violation, breach or default which would not have or would not reasonably be expected to have a Material Adverse Effect on Parent.

Section 6.4 Litigation. There are no Proceedings pending or, to the Knowledge of the Buying Parties, threatened against the Parent or any of its Subsidiaries or its or their assets, properties, businesses, or employees that would reasonably be expected to have a Material Adverse Effect on Parent. There are no Orders imposed by any Governmental Authority against

or that apply, in whole or in part, to Parent or any of its Subsidiaries, or its or their assets, properties, businesses, or employees that would reasonably be expected to have a Material Adverse Effect on Parent.

Section 6.5 Sufficiency of Funds. At the Closing, the Buying Parties shall have available funds in an amount sufficient to permit them to pay the cash portion of the Merger Consideration and the Interests Purchase Consideration to be paid at Closing and related fees and expenses required to be paid by the Buying Parties.

Section 6.6 Parent Common Stock. The Parent Common Stock to be issued pursuant to this Agreement will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to preemptive rights created by statute, Parent's organizational documents or any agreement to which Parent is a party or by which it is bound and will be free and clear of all Liens (other than those restrictions pursuant to the Securities Act) and shall be listed for trading on the NASDAQ Global Market or such other exchange on which the Parent Common Stock is then listed or quoted on the date of such issuance. Subject to the representations and warranties given by the Company and the Selling Parties in this Agreement being true and complete, no registration under the Securities Act is required for the offer and sale of the Parent Common Stock to the Selling Parties under this Agreement.

Section 6.7 Regulatory Compliance.

(a) Since January 1, 2006, Parent has timely filed all reports, statements, forms, schedules, registration statements, prospectuses, proxy statements, and other documents, together with any amendments required to be made with respect thereto, required to be filed by it with the SEC pursuant to the Exchange Act or the Securities Act, as the case may be (the "Parent SEC Reports"). Except as disclosed therein, each of the Parent SEC Reports, at its effective date (in the case of Parent SEC Reports that are registration statements), at the meeting date (in the case of Parent SEC Reports that are proxy statements), or at the time filed, furnished or communicated (in the case of all other Parent SEC Reports), complied in all material respects with the applicable requirements of the Exchange Act or the Securities Act, and the rules and regulations of the SEC promulgated thereunder, each as in effect on the applicable date referred to above, applicable to such Parent SEC Reports, and did not, as of the applicable date referred to above, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that information as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. As of the date of this Agreement, no executive officer of Parent has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act.

(b) In addition to, and without limiting the generality of, the other representations and warranties in this Article VI, including, but not limited to, those contained in Section 6.3 and 6.9 hereof:

(i) Since December 31, 2005, Parent and its Subsidiaries have timely filed all registrations, declarations, reports, notices, forms and other filings required to be filed by

it with the SEC, FINRA, or any other Governmental Authority (including applicable state securities regulatory bodies), and all amendments or supplements to any of the foregoing.

(ii) The information contained in the currently effective Form BD as filed by Parent and its Subsidiaries with the SEC was complete and accurate in all material respects as of the time of filing thereof and remains complete and accurate in all material respects as of the date hereof.

(iii) Neither Parent nor any of its Subsidiaries nor, to the Knowledge of Parent, any of its or their employees or associated persons has been permanently enjoined by the order of any Governmental Authority from engaging or continuing any conduct or practice in connection with any activity or in connection with the purchase or sale of any security. Neither Parent nor any of its Subsidiaries is or has been ineligible to serve as a broker-dealer or an associated person of a broker-dealer under Section 15(b) of the Exchange Act (including being subject to any "statutory disqualification" as defined in Section 3(a)(39) of the Exchange Act). None of Parent's or any of its Subsidiaries' employees or associated persons are or, to the Knowledge of Parent, have been ineligible to serve as a broker-dealer or an associated person of a broker-dealer under Section 15(b) of the Exchange Act (including being subject to any "statutory disqualification" as defined in Section 3(a)(39) of the Exchange Act).

(iv) Each of Parent and its Subsidiaries and each of its and their respective officers, employees and "associated persons" (as defined under the Exchange Act) who are required to obtain a Permit as a broker-dealer, a principal, a representative, an agent or a salesperson (or any limited subcategory thereof) with the SEC or a Governmental Authority are duly registered as such and such registrations are in full force and effect.

(c) The consolidated financial statements of Parent and its Subsidiaries (the "Parent Financial Statements") included (or incorporated by reference) in the Parent SEC Reports (including the related notes, where applicable, and including the financial statements included in the Current Report on Form 8-K filed by Parent on February 24, 2009) (i) have been prepared from, and are in accordance with, the books and records of Parent and its Subsidiaries; (ii) complied as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto; and (iii) were prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto or, in the case of unaudited statements, for the absence of footnotes), and presented fairly the consolidated financial position, results of operations, changes in stockholders' equity and cash flows of Parent and the consolidated Subsidiaries of Parent as of the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements other than those included in the Current Report referenced in the preceding portion of this sentence, to normal year-end adjustments). The financial statements to be included in Parent's Annual Report on Form 10-K for the year ended December 31, 2008, shall be consistent in all material respects with the financial statements included in the Current Report on Form 8-K filed by Parent on February 24, 2009.

(d) Parent and its Subsidiaries maintain internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(e) The records, systems, controls, data and information of Parent and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Parent (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 6.7(e). Parent (x) has implemented and maintains disclosure controls and procedures to ensure that material information relating to Parent and its Subsidiaries is made known to the chief executive officer and the chief financial officer of Parent by others within those entities and (y) has disclosed, based on its most recent evaluation, to Parent's outside auditors (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal controls over financial reporting. These disclosures were made in writing by management to Parent's auditors, true and complete copies of which have been made available to the Company and the Selling Parties' Representative before the date hereof.

Section 6.8 Capitalization of Parent.

(a) As of February 27, 2009 (the "Parent Capitalization Date"), the authorized capital stock of Parent consists of 100,000,000 shares of Parent Common Stock and 1,500,000 shares of preferred stock. As of the Parent Capitalization Date, of the shares of Parent Common Stock authorized: (i) 80,187,795 shares are outstanding, (ii) 166,401 shares are held in a rabbi trust to hedge certain deferred compensation obligations, (iii) 483,601 shares are reserved for issuance upon the exercise of Parent Common Stock purchase warrants issued to purchasers of the Parent's senior notes dated June 13, 2003, (iv) 7,545,996 shares are reserved for issuance upon the exercise of Employee Stock Options, (v) 8,530,793 shares are reserved for the issuance of Parent Common Stock upon the settlement of RSU Awards that are currently outstanding, (vi) 750,000 additional RSU Awards are committed to Lee Fensterstock and Peter McNierney pursuant to, and in accordance with the schedule in and terms of, their current employment agreements, (vii) 6,367,325 additional shares are, as of the Parent Capitalization Date, reserved for issuance pursuant to the Employee Stock Incentive Plans in respect of future awards under such plans, and (viii) no other shares of Parent Common Stock are reserved for issuance for any purpose. As of the Parent Capitalization Date, of the shares of Parent preferred stock authorized: (i) 1,000,000 shares of Parent's Series B Mandatory Redeemable Preferred Stock are currently outstanding and (ii) no other shares of Parent preferred stock are

currently outstanding and, other than Parent's Series A Junior Participating Preferred Stock referred to in the Rights Agreement, no series of Parent preferred stock has been designated or reserved for issuance. The Rights Agreement terminated on March 31, 2008 and, as of the date hereof, (i) the Rights Agreement has no further force or effect and (ii) the Company has not taken any action to amend the Rights Agreement to extend its term or to adopt a new rights agreement.

(b) Neither Parent nor any of its Subsidiaries has issued any securities in violation of any preemptive or similar rights. There are not any bonds, debentures, notes or other indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Parent Common Stock may vote ("Voting Parent Debt"). As of the Parent Capitalization Date, except pursuant to this Agreement, there are not any Options (i) obligating Parent or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exercisable for or exchangeable into any capital stock of or other equity interest in, Parent or of any of its Subsidiaries or any Voting Parent Debt, (ii) obligating Parent or any of its Subsidiaries to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of Parent Common Stock. Parent is not a party to or bound by and, to the Knowledge the Buying Parties, there are no, restrictions upon, or voting trusts, proxies or other agreements or understandings of any kind with respect to, the voting, purchase, redemption, acquisition or transfer of, or the declaration or payment of any dividend or distribution on, Parent Common Stock or any shares of the capital stock of or equity interests in any Subsidiary of Parent.

Section 6.9 Permits; Compliance with Law.

(a) Parent and its Subsidiaries hold all material Permits necessary for the ownership and lease of its and their properties and assets and the lawful conduct of its business as it is now substantially conducted under and pursuant to all applicable Laws. All material Permits have been legally obtained and maintained and are valid and in full force and effect. Parent and its Subsidiaries are in compliance in all material respects with all of the terms and conditions of all Permits. To the Knowledge of the Buying Parties, (i) there has been no material change in the facts or circumstances reported or assumed in the application for or granting of any Permits and (ii) no outstanding violations are or have been recorded in respect of any Permits. No action, proceeding, claim or suit is pending or, to the Knowledge of the Buying Parties, threatened, to suspend, revoke, withdraw, modify or limit any Permit, and, to the Knowledge of the Buying Parties, no investigation is pending or threatened in writing, to suspend, revoke, withdraw, modify or limit any Permit. To the Knowledge of the Buying Parties, there is no fact, error or admission relevant to any Permit that could reasonably be expected to result in the suspension, revocation, withdrawal, material modification or material limitation of, or could reasonably be expected to result in the threatened suspension, revocation, withdrawal, material modification or material limitation of, or in the loss of any Permit.

(b) Parent and its Subsidiaries and its and their properties, assets, operations and business are currently being, and since December 31, 2006 have been, operated in compliance in all material respects with all Permits and applicable Laws except for such noncompliance as has not had or would not reasonably be expected to have a Material Adverse Effect.

Section 6.10 Absence of Certain Changes. Since December 31, 2008, (a) through the date hereof Parent and its Subsidiaries have been operated in all material respects in the ordinary course of business consistent with past practice and (b) there has not occurred any event or condition that, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect on Parent.

Section 6.11 Intentionally Omitted.

Section 6.12 Taxes and Tax Returns.

(a) All material Tax Returns required to be filed by or with respect to Parent and Parent's Subsidiaries or their respective assets and operations ("Parent Tax Returns") have been timely filed (taking into account valid extensions of the time for filing). All such Parent Tax Returns (i) were prepared in the manner required by applicable Law and (ii) are true, complete and accurate in all material respects.

(b) Parent and the Parent's Subsidiaries have timely paid, or caused to be paid, all material Taxes required to be paid by them, whether or not shown (or required to be shown) on a Tax Return (except for Taxes being contested in good faith with a Taxing Authority and for which there is a sufficient reserve (without regard to deferred Tax assets and liabilities) on the balance sheet included in the Parent Financial Statements), and Parent and Parent's Subsidiaries have established, in accordance with GAAP, a sufficient reserve (without regard to deferred Tax assets and liabilities) on the balance sheet included in the Parent Financial Statements for the payment of all material Taxes not yet due and payable. Since December 31, 2008, neither Parent nor any of Parent's Subsidiaries has incurred any liability for Taxes other than Taxes incurred in the ordinary course of business.

(c) To the Knowledge of Parent, there are no examinations or other administrative or court proceedings relating to material Taxes in progress or pending, and there is no existing, pending or threatened in writing claim, proposal or assessment against Parent or any of Parent's Subsidiaries or relating to its assets or operations asserting any deficiency for material Taxes.

(d) Parent has not taken or agreed to take any action (nor is it aware of any agreement, plan or circumstance) that to the Knowledge of Parent is reasonably likely to prevent the Merger from being treated as a "reorganization" within the meaning of Section 368(a) of the Code.

Notwithstanding anything to the contrary in this Agreement, it is understood and agreed that no representation or warranty is made by Parent or Merger Sub in respect of Tax matters in any Section of this Agreement other than this Section 6.12.

Section 6.13 Listing and Maintenance Requirements. The shares of Parent Common Stock are registered pursuant to the Exchange Act and are listed on The NASDAQ Global Market, and Parent has taken no action designed to terminate the registration of Parent Common Stock or delisting Parent Common Stock from The NASDAQ Global Market.

Section 6.14 No Broker. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee payable by the Buying Parties in connection with any of the transactions contemplated by this Agreement.

Section 6.15 Information Supplied. None of the information supplied or to be supplied by or on behalf of the Buying Parties for inclusion or incorporation by reference in the Information Statement shall, at the date it is first mailed to the holders of Parent Common Stock, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Information Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder. Notwithstanding the foregoing, no representation is made by the Buying Parties (in this Section 6.15 or otherwise) with respect to statements made or incorporated by reference based on information supplied by or on behalf of the Company or the Selling Parties.

ARTICLE VII

COVENANTS

Section 7.1 Operation of the Company Pending the Closing. The Company shall not, and the Selling Parties shall cause the Company and its Subsidiaries not to, take any action with the purpose of causing any of the conditions to the Buying Parties' obligations set forth in Article VIII hereof to not be satisfied. Except with the prior written consent of Parent, during the period from the date of this Agreement to the Closing, the Company shall, and the Selling Parties shall cause the Company and its Subsidiaries to, comply in all material respects with all applicable Laws and conduct its and their businesses in all material respects according to its ordinary and usual course of business and to use all commercially reasonable efforts consistent therewith (x) to preserve intact its and their present business operations and material properties, assets and business organizations and (y) to maintain satisfactory relationships with all customers, regulators, creditors and others having significant business relationships with the Company or any of its Subsidiaries. Without limiting the generality of the foregoing, and except as set forth in the Disclosure Schedule, as otherwise provided in this Agreement or as required by applicable Law, during the period from the date of this Agreement to the Closing, the Company shall not, and the Selling Parties shall cause the Company and its Subsidiaries not to, without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of additional shares of capital stock of any class, or any Options;

(b) split, combine or reclassify any shares of capital stock of the Company or any of its Subsidiaries or declare, set aside for payment or pay any dividend or distribution, payable in cash, stock, property or otherwise, with respect to any of the capital stock of the Company or any of its Subsidiaries, other than any dividend or distribution of cash and other assets identified in Section 7.1(b) of the Disclosure Schedule, not reasonably expected to result in a negative Net Tangible Book Value or a failure to comply with any applicable net minimum capital requirements or any other applicable Law (provided, however, that the aggregate amount of any such dividend or distribution of cash and the fair market value of any other assets identified in Section 7.1(b) of the Disclosure Schedule shall not exceed $10 million);

(c) enter into an agreement with respect to any merger, consolidation, liquidation or business combination involving the Company or any of its Subsidiaries, or any acquisition or disposition of any material properties, assets or securities of the Company or any of its Subsidiaries;

(d) terminate, amend or provide any waiver or consent under any Company Contract other than in the ordinary course of business, provided that the Company shall consult with Parent before taking any action pursuant to this Section 7.1(d) in the ordinary course of business;

(e) terminate or amend any Permit issued by FINRA or any other securities regulator or any other material Permit;

(f) propose or adopt any amendment to the Company Charter Documents;

(g) (i) acquire (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division or line of business thereof or (ii) make any material investment either by purchase of stock or securities, contributions to capital, property transfer or purchase of any property or assets of any Person;

(h) incur any indebtedness or issue any debt securities or assume, guarantee or endorse the obligations of any other Person, other than trade payables in the ordinary course of business which are not material in amount, consistent with past practice;

(i) pay, discharge, satisfy or cancel any direct or indirect, primary or secondary, material liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise, unless in the ordinary course of business;

(j) (i) increase in any manner the rate or terms of compensation or Benefit Plans for any of its directors, officers or other employees, except as may be required under existing employment agreements or applicable Law, (ii) hire any new employees or (iii) unless authorized or required by Law, enter into or amend any employment, bonus, severance or retirement contract or adopt or amend any Benefit Plan;