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Item 8. Financial Statements and Supplementary Data

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

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the fiscal year ended December 31, 2013

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☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from to

Commission file number: 014140

GLEACHER & COMPANY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**22-2655804**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
677 Broadway, 2nd Floor, Albany, NY	**12207**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 273-7100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $.01 per share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☒	Non-accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the shares of common stock of the Registrant held by non-affiliates based upon the closing price of Registrant's shares as reported on The NASDAQ Global Market on June 28, 2013, which was $13.88 per share, was $60,301,071.

As of February 28, 2014, 6,183,654 shares of common stock, par value $0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for the 2014 annual meeting of stockholders to be filed with the Securities and Exchange Commission are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein.

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PART I

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. These statements are not historical facts but instead represent the Company's belief or plans regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. These statements include, for example, the expectations regarding the Company's proposed dissolution, further discussed below. The Company's forward-looking statements are subject to various risks and uncertainties, including the risks and other factors identified herein and in other public disclosures made by the Company from time to time, including in the Company's periodic and current reports and other filings with the Securities and Exchange Commission. As a result, the Company's actual results may differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned that these forward-looking statements, including, without limitation, statements regarding the dissolution and liquidation of the Company, the availability, amount or timing of liquidating distributions to stockholders, the adequacy of reserves established to satisfy the Company's obligations, the belief that there is a reasonable possibility that a portion of the contingency reserves will ultimately be distributed to the stockholders and the possibility that an alternative, value-creating transaction may be proposed, and other statements contained herein that are not historical facts, are only estimates or predictions. You are cautioned not to place undue reliance on any forward-looking statements. The Company does not undertake to update any of its forward-looking statements.

As used herein, the terms "Company," "Gleacher," "we," "us," or "our" refer to Gleacher & Company, Inc, and its subsidiaries.

Item 1. Business

Overview

Gleacher & Company, Inc. (the "Parent" and together with its subsidiaries, "Gleacher" or the "Company") is incorporated under the laws of the State of Delaware. The Company's common stock is traded on The NASDAQ Global Market ("NASDAQ") under the symbol "GLCH."

The Company recently announced that, after an extensive evaluation of other alternatives, its Board of Directors has determined that it is in the best interests of the Company's stockholders that the Company dissolve, liquidate and distribute to stockholders its available assets.

Planned Dissolution and Liquidation

As previously announced, the Company has been engaged in a lengthy and intensive evaluation of potential strategic alternatives in order to preserve and maximize stockholder value. Those potential alternatives included (i) pursuing a strategic transaction with a third party, such as a merger or sale of the Company; (ii) the reinvestment of the Company's liquid assets in favorable opportunities; and (iii) dissolving the Company, winding down its remaining operations and distributing its net assets to its stockholders, after making appropriate reserves for liabilities and expenses. The Board of Directors and the Company, together with its external advisors, devoted substantial time and effort in seeking, identifying and pursuing opportunities and other alternatives to enhance stockholder value; however, that process had not at that time yielded any opportunities viewed by the Board as reasonably likely to provide greater realizable value to stockholders than the complete dissolution and liquidation of the Company.

The Company's dissolution was unanimously approved by the Board of Directors on March 12, 2014, but is subject to stockholder approval. The Company intends to present this proposal to its stockholders of record as of April 21, 2014 at the Company's 2014 Annual Stockholders Meeting (the "2014 Annual Meeting"), currently scheduled for May 29, 2014. The Company will file prescribed proxy

materials with the Securities and Exchange Commission in advance of that meeting. In connection with the dissolution, the Company intends to distribute to its stockholders all available cash other than as may be required to pay expenses and pay or make reasonable provision for known and potential claims and obligations of the Company, as required by applicable law. The Board of Directors' decision contemplates an orderly wind down of the Company's remaining business and operations, including the dissolution and winding-up of subsidiaries. If approved by the Company's stockholders, the Company intends to file a certificate of dissolution, pay, satisfy, resolve or make reasonable provisions for claims and obligations as well as anticipated costs associated with the Company's dissolution and liquidation, and seek to convert its remaining assets into cash or cash equivalents as soon as reasonable, practicable and financially prudent.

If the Company's stockholders approve the proposal, the Company currently expects to make an initial liquidating distribution to stockholders of approximately $20 million ($3.23 per share). The Company expects to make this initial liquidating distribution as soon as practicable following receipt of stockholder approval and filing of a certificate of dissolution. The amount of this initial distribution reflects the Company's current liquid assets offset in part by provisions, or reserves, for future operating costs and expenses associated with dissolution and liquidation and, as required by law, for other known and potential claims and obligations. Delaware law requires that, in connection with a dissolution, the Company's Board of Directors make reasonable provision for known and potential claims and obligations of the Company and maintain those reserves until resolution of such matters, and similar legal requirements apply to our subsidiaries. The Board of Directors, in consultation with its advisors, has evaluated the liabilities, expenses, and known potential claims and obligations of the Company and its subsidiaries, as well as other matters, in order to estimate the amount that will be reserved. Insofar as the reserves required by applicable law exceed, in the view of the Board of Directors, the ultimate amounts the Company will likely be required to pay creditors, the Board of Directors believes there is a reasonable possibility that a portion of the reserves will ultimately be distributed to stockholders. The Board of Directors currently believes that these subsequent distributions could range between $40 million and $70 million ($6.47 and $11.32 per share), for a total aggregate distribution to stockholders ranging between $60 million and $90 million ($9.70 and $14.55 per share). The Board will evaluate the Company's reserves on a periodic basis and will approve liquidating distributions when and as it deems appropriate. Additional liquidating distributions will be made to the extent the required contingency reserves are released and upon the Company's non-cash assets being monetized, which would likely span a multi-year period. Further details regarding anticipated future distributions will be disclosed in the Company's proxy materials to be filed in connection with the Company's 2014 Annual Meeting.

The amount distributable to stockholders, both initially and in total, may vary substantially from the amounts currently estimated based on many factors, including the resolution of outstanding known claims and obligations, the possible assertion of claims that are currently unknown to the Company, the ability to receive reasonable value when selling or otherwise monetizing its assets, including its investment in FA Technology Ventures L.P. ("FATV"), and costs incurred to wind down the Company's business. Further, if additional amounts are ultimately determined to be necessary to satisfy or make provision for any of these obligations, stockholders may receive substantially less than the current estimates.

Until such time, if any, as the stockholders approve the Company's dissolution, and the Board of Directors decides, and instructs management, to proceed with a dissolution, the Company will continue to investigate and consider any feasible, alternative, value-creating transactions of which it becomes aware. If prior to its dissolution, the Company receives an offer for a transaction that, in the view of the Board, would be expected to provide superior value to stockholders than the value of the currently estimated distributions, taking into account factors that could affect valuation, including timing and certainty of payment or closing, proposed terms and other factors, the dissolution could be abandoned

in favor of such a transaction, even if dissolution has been previously approved by the Company's stockholders.

Going Concern and Basis of Presentation

As noted above, the Company's Board of Directors approved a dissolution and liquidation of the Company, subject to stockholder approval. In connection with this intention, the Company intends to distribute to its stockholders all available cash other than as may be required to pay or make reasonable provision for known and potential claims and obligations of the Company. The Board of Directors' decision also contemplates a further, orderly wind down of the Company's business and operations and, if approved by the Company's stockholders, the filing of a certificate of dissolution, among other matters. All of these factors raise substantial doubt about the Company's ability to continue as a going concern.

Accounting principles generally accepted in the United States of America ("GAAP") require financial statements to be prepared on a going concern basis. A liquidation basis of accounting is only appropriate to the extent liquidation is imminent. In order to meet this criteria, among other factors, the plan for dissolving the Company, which would be followed by liquidation must be approved by the person or persons with the authority to make such a plan effective, which in this instance, is the Company's stockholders. If the plan of dissolution is approved by the Company's stockholders at the Company's 2014 Annual Stockholders Meeting, currently scheduled for May 29, 2014, the Company would then prospectively prepare its financial statements on a liquidation basis of accounting. The Company's accompanying financial statements contained within Item 8 of this Annual Report on Form 10-K, and the discussion and financial information contained herein, have been prepared on a going concern basis as liquidation currently is not imminent.

Discontinuation of Operations and Appointment of Capstone Advisory Group, LLC

The Company has no meaningful revenue-producing operations. In the first quarter of 2013, the Company operated an investment banking business, predominately fixed-income sales and trading and financial advisory services, through three principal business units: Investment Banking, MBS & Rates and Credit Products. The Company also engaged in residential mortgage lending operations through its subsidiary ClearPoint Funding, Inc. ("ClearPoint").

During the second quarter of 2013, the Company's Board of Directors approved plans to discontinue operations in its MBS & Rates (including RangeMark Financial Services ("RangeMark")) and Credit Products divisions (together, "Fixed Income" or the "Fixed Income businesses") as well as, later in the quarter, its Investment Banking division. Exiting these businesses impacted approximately 150 employees. The ClearPoint business was discontinued, and the business sold to Homeward Residential, Inc. ("Homeward") in February 2013 (the "Homeward Transaction"). In addition, in the third quarter of 2011, the Company exited the Equities business. Exiting the Equities business impacted 62 employees. As of March 17, 2014, the Company had 13 employees.

On May 31, 2013, the Board of Directors appointed Christopher J. Kearns of Capstone Advisory Group, LLC ("Capstone") as the Company's Chief Restructuring Officer and Chief Executive Officer. The Company also entered into an agreement with Capstone and Mr. Kearns, pursuant to which Capstone was engaged to provide a number of services to the Company, including (i) evaluating and implementing, subject to the approval of the Company's Board of Directors, the chosen course of action to preserve asset value and maximize recoveries to stockholders under the circumstances; (ii) overseeing the operations of the Company through execution of the selected course of action; (iii) ascertaining personnel and potential funding required and taking key steps to effectuate the selected course of action; and (iv) soliciting and evaluating expressions of interest in certain assets of the Company and effectuating such sales where appropriate and practical under the circumstances.

Other Information

The Company's headquarters are located at 677 Broadway, 2nd Floor, Albany, NY 12207. The telephone number at that address is (212) 273-7100, and our internet address is www.gleacher.com.

Sources of Revenues

As stated above, the Company currently has no meaningful revenue-producing operations. Revenues currently are derived from the sources indicated below:

Investment gains, net

Investment gains, net, represent the changes in the carrying value of the Company's legacy investments. Refer to Note 10 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

Fees and Other

Fees and other revenues generally relate to miscellaneous income and also include revenues related to the clawback of certain stock-based compensation grants subject to non-competition provisions.

Set forth in the table below is information regarding the amount and percentage of net revenues derived from continuing operations for the years ended December 31, 2013, 2012 and2011. Certain amounts in prior periods have been reclassified to discontinued operations in order to conform to the current year presentation with no impact to previously reported net loss or stockholders' equity. This includes the prior period results of the Investment Banking, MBS & Rates and Credit Products divisions, as well as the results of ClearPoint. Refer to Note 22 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

	2013		2012		2011	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Investment gains, net	$ 1,267	65.5%	$ 1,233	59.2%	$ 2,996	73.8%
Fees and other	666	34.5%	849	41.8%	1,066	26.2%
Total revenues	$ 1,933	100.0%	$ 2,082	100.0%	$ 4,062	100.0%

Discontinued Operations

Investment Banking and Fixed Income Businesses

The Company's Board of Directors approved plans to discontinue operations in its Investment Banking and Fixed Income businesses on May 30, 2013 and April 5, 2013, respectively. Exiting these businesses impacted approximately 150 employees.

ClearPoint—Homeward Transaction

On February 14, 2013, the Company entered into an agreement to sell substantially all of ClearPoint's assets to Homeward. This transaction closed on February 22, 2013, and all remaining business activities of ClearPoint have been substantially wound down.

Equities Business—Exit on August 22, 2011

On August 22, 2011, the Board of Directors of the Company approved a plan to exit the Equities business, effective immediately. Exiting the Equities business impacted 62 employees.

Refer to "Overview" above and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Regulatory Requirements

The Company's subsidiaries, Gleacher & Company Securities, Inc. ("Gleacher Securities") and Gleacher Partners, LLC ("Gleacher Partners") are currently registered as broker-dealers with the Securities and Exchange Commission ("SEC") and are members of the Financial Industry Regulatory Authority, Inc. ("FINRA"). These subsidiaries intend to submit Forms BDW to withdraw their registrations as broker-dealers from the SEC, self-regulatory organizations, and the states. Withdrawal from broker-dealer registration becomes effective 60 days after the filing of Form BDW, unless a firm consents to a longer period or the SEC institutes a proceeding, delays or shortens the date of effectiveness, or otherwise imposes terms or conditions upon such withdrawal. Once the withdrawal becomes effective, it is anticipated that each of these subsidiaries will, after making appropriate and necessary reserves for creditors, pay substantially all of its available capital to the Parent.

Gleacher Securities and Gleacher Partners are currently subject to the net capital requirements of Rule 15c3-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These net capital rules are designed to measure the general financial condition and liquidity of a broker-dealer, and they impose a required minimum amount of net capital deemed necessary to meet a broker-dealer's continuing commitments to its customers.

At December 31, 2013, net capital and excess net capital of the Company's broker-dealer subsidiaries were as follows:

(In millions)	Net Capital	Excess Net Capital
Gleacher Securities	$ 33.9	$ 33.6
Gleacher Partners	$ 0.9	$ 0.6

Assuming deregistration of the broker-dealers as contemplated above, the net capital rules would no longer apply to these subsidiaries.

Available Information

The Company files with the SEC current, annual and quarterly reports, proxy statements and other information as required by the Exchange Act. You may read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet website at www.sec.gov from which interested persons can electronically access the Company's SEC filings.

The Company will make available free of charge, through its internet site www.gleacher.com, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other information publicly filed with the SEC. These filings and information will become available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

The Company also makes available, on the Corporate Governance page of its website, (i) its Corporate Governance Guidelines, (ii) its Code of Business Conduct and Ethics, (iii) the charters of the Audit and Executive Compensation Committees of its Board of Directors, and (iv) its Procedures for Reporting Violations of Compliance Standards. These documents are also available in print without charge to any person who requests them by writing or telephoning: Gleacher & Company, Inc., 677 Broadway, 2nd Floor, Albany, NY 12207, U.S.A., Attn: Investor Relations, telephone number (212) 273-7100.

Item 1A. Risk Factors

An investment in our common stock entails a variety of serious risks and uncertainties. You should carefully consider the risk factors described below. If any of the following risks actually occur, or if our underlying assumptions prove to be incorrect, our actual results may vary from what we projected, and our financial condition or results of operations could be materially and adversely affected. These risk factors are intended to highlight factors that may affect our financial condition and results of operations and are not meant to be an exhaustive discussion. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect us.

We have organized the risk factor discussion below around certain categories, although there is some overlap of specific risk factor disclosure between categories. The order of the categories set forth below, and the order of particular risk factors within each category, is not necessarily indicative of the likelihood of the occurrence of any of the risks described below or the magnitude of the effect on us in the event any such risks should occur.

Risks Related to the Proposed Dissolution and Liquidation of the Company

Set forth below is a description of significant risks associated with the proposed dissolution and liquidation of the Company.

If our stockholders do not approve the proposed dissolution of the Company, our resources may continue to diminish. If our stockholders do not approve the proposed dissolution of the Company or if the dissolution is abandoned by our board or otherwise not implemented, our board of directors will explore what, if any, strategic alternatives are available for our company. Possible alternatives include, among other things, reconsidering proposals previously considered and rejected, seeking voluntary dissolution at a later time and with potentially diminished assets or seeking bankruptcy protection (should our net assets decline precipitously for some unforeseen reason). There can be no assurance that any of these alternatives would result in greater stockholder value than the proposed dissolution and liquidation of the Company. Moreover, any alternative we select may have unanticipated negative consequences, and we will face a number of risks, including:

- We expect to continue incurring net losses from our continuing operations, and our cash resources will continue to diminish as a result;
- If stockholders do not approve the proposed dissolution of the Company, there can be no assurance that the holders of our common stock, including one or more of the holders of 5% or more of our common stock, will not sell their shares and thereby potentially impair our ability to utilize our net operating loss carryforwards by causing an "ownership change" (as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the "*Code*"); and
- We may continue to incur expenses associated with being a public reporting company, including ongoing SEC reporting obligations. These expenses would accelerate the depletion of our existing cash resources.

We may not be able to receive reasonable value when selling or otherwise monetizing our assets, including our investment in FATV. The value that stockholders ultimately realize upon the liquidation of the Company is dependent in part on the monetization of certain assets, the most substantial of which is our investment in FATV. AtDecember 31, 2013, we valued this investment at approximately $17.6 million. However, this investment is illiquid and not subject to rapid monetization. We expect that some or all of the assets in which FATV is invested will experience a "liquidity event" (i.e., there will be a disposition of the assets generating cash distributions to FATV's investors, including the Company), but the timing of any such liquidity event is uncertain, and the value realized for any of the investment assets is similarly uncertain. In the event we instead attempt to sell this asset, we may not be able to find a buyer. In addition, it may be difficult to obtain a favorable return when attempting to

sell this investment in connection with the liquidation and dissolution of the Company. Because we are seeking to consummate the liquidation, we may not realize as much value for this investment as we might have if we had been able to sell this investment as a going concern. We may not realize cash or any other liquid asset from these investments in the near future, and the amounts we do realize, if any, may be far less than the value we ascribe to these assets now.

The timing of liquidating payments and the total value stockholders receive upon liquidation is subject to many variables and risks, many of which will not be known at the time of the stockholder vote. After we file our certificate of dissolution, we intend to make liquidating cash distributions to our stockholders, which will reflect "hold-backs," or "reserves," for creditor claims. The amount and timing of these distributions will be at the discretion of the Board. The distribution of our assets to stockholders may be delayed for a number of reasons. For example, one or more of our creditors might seek an injunction against our making the proposed distributions to stockholders under the terms of the proposed dissolution and liquidation. The amounts distributed to stockholders will depend upon various factors and risks, including the proceeds received from the monetization of non-cash assets, the timing of receipt of those proceeds and the amount of our actual and potential liabilities. If our liabilities prove to be greater than anticipated, additional claims are made, or legal action is brought against us by creditors or others, planned distributions to stockholders could be delayed or reduced, or there could be nothing remaining available to distribute to stockholders.

Stockholders could be held liable to creditors, up to the amount actually distributed to such stockholder in dissolution. If the Company's dissolution is approved by our stockholders, we expect to file a Certificate of Dissolution with the Delaware Secretary of State dissolving the Company. Pursuant to the Delaware General Corporation Law (the "DGCL"), we will continue to exist for three years after our dissolution or for such longer period as the Delaware Court of Chancery shall direct, for the purpose of prosecuting and defending suits against us and enabling us gradually to close our business, to dispose of our property, to discharge our liabilities and to distribute to our stockholders any remaining assets. Under applicable law, in the event we fail to create during this three-year period an adequate reserve for payment of our expenses and liabilities (and otherwise do not have sufficient assets for payment of our expenses and liabilities), each stockholder who receives a liquidating distribution could be held liable for payment to our creditors of such stockholder's pro rata share of amounts owed to creditors in excess of the reserve, up to the amount actually distributed to such stockholder in dissolution.

This means that a stockholder could be required to return all liquidating distributions previously made to such stockholder and receive nothing from us under the dissolution and liquidation. Moreover, in the event a stockholder has paid taxes on amounts previously received, a repayment of all or a portion of such amount could result in a stockholder incurring a net tax cost if the stockholder's repayment of an amount previously distributed does not cause a commensurate reduction in taxes payable. There can be no guarantee that the reserves established by us will be adequate to cover all such expenses and liabilities.

We may not be able to retain two of our executive officers, whom we believe are essential to our day-to-day operations and to the completion of our proposed dissolution and liquidation. On October 18, 2013, we entered into key employee retention agreements with each of Ms. Patricia Arciero-Craig, General Counsel and Secretary, and Mr. Bryan Edmiston, Controller. These retention agreements expire on November 30, 2014. We cannot guarantee that we will be able to retain either or both of Ms. Arciero-Craig or Mr. Edmiston, and the loss of either or both individuals could significantly hinder our day-to-day operations as well as our ability to complete the proposed dissolution of the Company in an orderly and efficient manner.

Our continued listing on NASDAQ is uncertain. We received a letter from NASDAQ requesting certain information, pursuant to NASDAQ's discretionary authority under Listing Rule 5250(a)(1), regarding the Company's ongoing business in light of its prior disclosures that it had exited its

Investment Banking and Fixed Income businesses and had no meaningful revenue-producing operations. We have discussed the matter with NASDAQ and provided the requested information. NASDAQ has indicated to us in our most recent discussions that it does not currently plan on taking any action that would lead to our common stock being delisted. However, NASDAQ has broad discretion in interpreting its listing eligibility rules, and there can be no guarantee that NASDAQ will not take action to terminate our listing on the NASDAQ Global Market. If our common stock is delisted from NASDAQ, a market for our common stock may not develop in the over-the-counter market or otherwise. The delisting of our common stock could adversely affect the trading activity, liquidity and price of our common stock, decrease analyst coverage, investor demand and available information concerning trading prices and volume of our common stock, make it more difficult for investors to buy or sell shares of our common stock and potentially impair our ability to enter into certain strategic transactions.

Risks Specific to our Company

The disclosures below describe risks related to our business that we will continue to face, at least to some extent, regardless of whether the proposed dissolution and liquidation is implemented. The risks and uncertainties described below are not the only ones facing our company. Additional considerations not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks actually occur, our financial condition or operating results could be materially and adversely affected, the value of our common stock could decline and you may lose all or part of your investment. In addition, in reviewing the financial statements, data and other information contained in this Annual Report on Form 10-K, readers are cautioned that, in accordance with accounting principles generally accepted in the United States, no adjustments have been made to the financial statements and data contained herein as a result of the dissolution proposal.

Recent developments have adversely affected the Company, and the future of the Company remains highly uncertain. As discussed above under Item 1—"Business" the Company currently has no meaningful revenue-producing operations. Given the Company's condition, we cannot predic when, or if, we will be able to generate revenues or become profitable. In addition, there can be no assurance that we will be able to consummate any strategic transactions or reinvest our assets in profitable operations if we do not proceed with the dissolution and liquidation as proposed, and it is possible that we will nevertheless need to wind down our business and ultimately, cease operations.

We may be unable to fully capture the expected value from any strategic transaction. To the extent that we consummate a strategic transaction, such as a merger or sale of the Company, we face numerous risks and uncertainties. We might not be able to complete any announced transaction, and even if completed, the transaction might not result in enhanced value to our stockholders. A merger may involve the issuance of a large number of shares of our common stock, which would dilute our stockholders' ownership of our firm, or we may borrow funds or use cash on hand, which may impact our funding and liquidity. In the event the Company experiences an ownership change under Internal Revenue Code Section 382, the Company's net operating losses (estimated to be $159 million on pre-tax basis at December 31, 2013) would be fully impaired, reduced nearly to zero. This could have a negative impact on our ability to consummate a transaction. If we consummate a strategic transaction but are unable to successfully navigate any risks and uncertainties, we may not be able to capture the maximum value of such transaction for stockholders, and the Company may be further adversely affected.

We have a history of losses and may not return to profitability in the near future or at all. We have incurred losses in recent years, including net losses of approximately $99.5 million, $77.7 million and $82.1 million for the years ended December 31, 2013, 2012 and 2011, respectively. We cannot predict

with certainty when or if we will be able to reduce or reverse these losses, and there can be no assurance that we will be able to do so.

Our assets include illiquid investments, which we may not be able to monetize at their recorded values in the near term or at all. We have investments in securities that are not publicly traded, principally FATV, which is therefore subject to an inherent liquidity risk. At December 31, 2013, FATV was carried at $17.6 million, or 18.3%, of our total assets. (Refer to Note 10 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.) This investment is susceptible to changes in the financial condition or prospects of the companies underlying these investments. We expect that some or all of the assets in which FATV is invested will experience a "liquidity event" (i.e., there will be a disposition of the assets generating cash distributions to FATV's investors, including the Company), the timing of any such liquidity event is uncertain, and the value realized for any of the investment assets is similarly uncertain. Even if this investment proves to be profitable, it may be several years or longer before any profits can be realized in cash. If we choose or are required to accelerate an exit in this investment, we may realize substantially less in proceeds than if we had monetized the investment through the harvesting of the underlying portfolio companies.

Our infrastructure may malfunction or fail. Our financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our buildings. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer financial loss and impairment to our liquidity, as well as, regulatory intervention or reputational damage.

In addition, our operations may be adversely impacted by a disruption in the infrastructure that supports us and the communities in which we are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties, whether due to fire, other natural disaster, power or communications failure, act of terrorism or war or otherwise.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this could potentially jeopardize information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations. We may be required to expend additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

Moreover, we have experienced a dramatic decline in personnel levels in 2013 as a result of exiting our previous business lines. This has included terminating many administrative personnel in accounting, regulatory compliance, legal, information technology and other functions. Without some degree of personnel redundancy, we are more exposed to business disruptions and potential liabilities resulting from unexpected departures of personnel.

Our exposure to legal liability is significant. Damages that we may be required to pay could materially adversely affect our financial position and/or our results of operations. Due to the nature of the Company's previous business operations, the Company and its subsidiaries have been exposed to risks associated with a variety of legal proceedings and claims. These include litigations, arbitrations and other proceedings initiated by private parties and arising from underwriting, financial advisory, securities trading or other transactional activities, client account activities, mortgage lending,

employment matters and stockholder claims. Third parties who assert claims may do so for monetary damages that are substantial, particularly relative to the Company's financial position. These proceedings and claims typically involve associated legal costs incurred by the Company in connection with defending against these matters, which could be significant. In recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have been increasing. We have been in the past, and are currently, subject to a variety of litigation, most of which we consider to be routine. Risks inherent in our prior business activities include potential liability under securities, mortgage lending or other laws. We are also at risk for employment-based claims alleging discrimination, harassment, wrongful discharge or breach of an employment agreement or other contractual arrangement, among other things, and seeking recoupment of compensation claimed to be owed (whether for cash or forfeited equity awards), and other damages, including demands for payment by each of our former Chief Executive Officer and former Chief Operating Officer for payments under their retention plan agreements, as described below. These risks often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time.

In August 2012, the Company adopted the Senior Management Compensation and Retention Plan ("Retention Plan"). Our former Chief Executive Officer and former Chief Operating Officer, each of whom had entered into an agreement with the Company under the Retention Plan, were terminated as employees by the Company in May 2013. Each of them has made a demand for payment of severance payments under certain "change in control" provisions in his respective retention plan agreement, and following the Company's rejection of their demands, commenced an arbitration proceeding on September 17, 2013 before FINRA seeking money damages in an approximate amount of $7.9 million, vesting of unvested equity awards and other relief, all of which they claim are due as a result of their respective terminations. The Company has determined that no severance payments or other benefits based upon a "Change in Control" (as defined in the applicable agreements) are due to these former officers inasmuch as the Company has concluded that no "Change in Control" has occurred. We believe that these individuals' claims that a Change in Control has occurred are without merit. A FINRA hearing of the matter is currently expected to occur in the summer of 2014.

Pursuant to his employment agreement, in the absence of a Change in Control, Mr. Hughes would have been entitled to a severance payment of $750,000 (not accrued at December 31, 2013), and pursuant to his Restricted Stock Award Agreement, Mr. Griff would have been entitled to vesting of 20,833 unvested shares of restricted stock, subject in each case to the execution and delivery within a specified time period (and non-revocation) of a release of claims against the Company and continued compliance with certain restrictive covenants. These conditions were not satisfied.

No amounts in respect of Messrs. Hughes' and Griff's claims have been accrued as of December 31, 2013, and we consider all unvested equity awards previously held by them to have been forfeited.

Our previous activities as underwriter on underwritings or as advisor for mergers and acquisitions and other transactions involved complex analysis and the exercise of professional judgment, including rendering "fairness opinions" in connection with mergers and other transactions. Those activities may have subjected us to the risk of significant legal liabilities to our clients and aggrieved third parties, including stockholders of our clients who could bring securities class action lawsuits against us.

As a result of the foregoing factors, we have in the past, and are reasonably likely to in the future, incur significant legal and other expenses in defending against litigation and may be required to pay substantial damages for settlements and adverse judgments. Substantial legal liability or significant regulatory action against us could have a material adverse effect on our financial position or results of operations.

See also Part II, Item 1, "Legal Proceedings."

We may be required to register under the Investment Company Act of 1940, which could increase the regulatory burden on us and could negatively affect the price and trading of our securities. We may be required to register as an investment company under the Investment Company Act of 1940 (the "40 Act") and analogous state law. We do not propose to, nor do we hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities, and our Board of directors has passed a resolution to this effect. Nevertheless, if we are required to register as an investment company, either immediately or at some point in the future, there would be an increased regulatory burden on us which would negatively affect our financial position and results of operations.

Financial services firms have been subject to increased scrutiny and enforcement activity over the last several years, increasing the risk of financial liability resulting from adverse regulatory actions. The financial services industry has experienced increased scrutiny and enforcement activity from a variety of regulators, including the SEC, Commodity Futures Trading Commission, FINRA, NYSE, NFA, NASDAQ, HUD, the state securities commission and state attorneys general. This regulatory environment has created uncertainty with respect to a number of transactions that had historically been entered into by financial services firms and that were generally believed to be permissible and appropriate. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations relating to our prior business activities in this area.

We are also involved, from time to time, in other reviews, investigations, examinations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our prior business activities, including, among other things, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. Although no longer active, our broker-dealer subsidiaries are currently subject to both routine and unscheduled examinations and audits by FINRA while they remain registered as broker-dealers. These subsidiaries intend to submit Forms BDW to withdraw their registrations as broker-dealers from the SEC, self-regulatory organizations, and the states. Audits may result in any adverse findings by FINRA, and we may incur fines or other censure. The Company and its subsidiaries have received in the past, and while registered, may continue to receive in the future, inquiries and subpoenas from the SEC, FINRA, state securities regulators and other self-regulatory organizations. The Company does not always know the purpose behind these communications or the status or target of any related investigation. Some of these communications have, in the past, resulted in disciplinary actions which have sometimes included monetary sanctions, and citations for regulatory deficiencies. Substantial legal liability or regulatory action against us would likely have material adverse financial effects or cause significant reputational harm to us, which could seriously harm our business prospects.

In connection with the sale of substantially all of the ClearPoint's assets to Homeward, we became subject to certain indemnification provisions, and retain the risk of loan putbacks and other related matters, for loans originated by ClearPoint existing prior to the closing of the Homeward Transaction. On February 14, 2013, the Company and certain of its affiliates, including ClearPoint, entered into an Asset Purchase Agreement ("Purchase Agreement") with Homeward. This transaction closed on February 22, 2013. Pursuant to the Purchase Agreement, Homeward acquired substantially all of ClearPoint's assets and assumed certain liabilities of ClearPoint. The Purchase Agreement provides for customary indemnification provisions. In connection with the indemnification provisions, ClearPoint is required to maintain an escrow account of $5.0 million for a three-year period following the closing date, and the Parent has also provided for a guaranty of ClearPoint's indemnification obligations to Homeward, up to a maximum of an additional $2.5 million. Indemnity claims, if any, will be paid first from the escrow amount, and then, to the extent necessary, drawn upon the guaranty. If during the three-year period following the closing date, sums held in the escrow account are not available to satisfy indemnification claims, indemnity claims of Homeward will be paid under the guaranty up to a maximum of

$7.5 million. Any amounts paid under the guaranty will be released to the Company from the escrow account on a dollar-for-dollar basis (assuming funds are available).

Outstanding claims which are expected to be paid from the escrow account in satisfaction of certain claims made by Homeward include (i) losses incurred in connection with two loan repurchase requests (currently estimated to be less than $0.1 million) and (ii) reimbursements of premiums received in connection with certain loans that refinanced within 180 days following the date of purchase by Homeward (approximately $0.1 million).

In addition to the indemnification provisions related to the Homeward Transaction, in the ordinary course of business, ClearPoint also indemnified its other counterparties, against potential losses incurred by such parties including under its warehouse line agreements and loan sale agreements related to originated mortgage loans since inception (June 2008). Subsequent to the Homeward Transaction, ClearPoint paid approximately $0.1 million in satisfaction of its indemnification obligations under loan sale agreements related to losses incurred in connection with two repurchase requests from counterparties other than Homeward.

ClearPoint maintains a reserve for the previously discussed loan repurchase and indemnification claims. At December 31, 2013 and December 31, 2012 this reserve was approximately $0.4 million and $0.4 million, respectively, and is included within Accounts payable and accrued expenses in the Consolidated Statements of Financial Condition.

Historical losses are not necessarily indicative of losses which may be incurred in the future.

Our subsidiaries, on which we depend to fund our obligations, are subject to restrictions and requirements that could hinder their ability to conduct operations and make payments to us. We depend on dividends, distributions and other payments from our subsidiaries to fund our obligations. Regulatory and other legal restrictions limit our ability to transfer funds freely, either to or from our subsidiaries. In particular, our broker-dealer subsidiaries are subject to laws and regulations that authorize regulatory bodies to monitor and/or restrict the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. Gleacher Securities recently terminated its memberships associated with its prior self-clearing activities and is therefore no longer subject to FINRA Rule 4110(c)(2). Under this rule, Gleacher Securities was unable to make an unsecured advance or loan, pay a dividend or otherwise effect a similar distribution to the Parent and/or its affiliates in any rolling 35-calendar-day period, on a net basis, in excess of 10% of their "excess net capital," as defined under Rule 15c3-1 of the Exchange Act, without prior written FINRA approval. However, in particular, as registered broker-dealers, Gleacher Securities and Gleacher Partners must provide notice to FINRA and the SEC two days prior to any distributions that exceed in the aggregate in any 30 calendar day period, 30% of the broker-dealer's excess net capital. These laws and regulations may hinder our ability to access funds that we may need to make payments on our obligations. As previously mentioned, our broker-dealer subsidiaries intend to submit Forms BDW to withdraw their registrations as broker-dealers from the SEC, self-regulatory organizations, and the states. Withdrawal from registration becomes effective 60 days after the filing of Form BDW, unless a firm consents to a longer period or the SEC institutes a proceeding, delays or shortens the date of effectiveness, or otherwise imposes terms or conditions upon such withdrawal. If and when the withdrawals become effective, the rules relating to the withdrawal of capital will no longer apply. At December 31, 2013, our regulated broker-dealer subsidiaries held cash of approximately $32.1 million (of which $31.0 million was held at Gleacher Securities).

In addition, because our interests in the Company's subsidiaries consist of equity interests, our rights may be subordinated to the claims of the creditors of these subsidiaries. Also, our broker-dealer subsidiaries are subject to the net capital requirements of the SEC and various self-regulatory organizations of which they are members. These requirements typically specify the minimum level of

net capital a broker-dealer must maintain. Any failure to comply with such regulatory requirements could impair their ability to conduct operations.

Risks Related to Ownership of Our Common Stock

Provisions of our Certificate of Incorporation and Bylaws, agreements to which we are a party, laws and regulations to which we are subject could delay or prevent a change in control of our company. Our charter and bylaws contain provisions whose application could have the effect of deterring a takeover or other offer for our securities. Any such actions, together with provisions of our Certificate of Incorporation and Bylaws, as well as Delaware law, could make efforts by stockholders to change our Board of Directors or management more difficult.

Our Certificate of Incorporation and Bylaws provide:

- for limitations on the personal liability of our directors to the Company and to our stockholders to the fullest extent permitted by law, which may reduce the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care;

- that special meetings of stockholders can be called only by our Chairman of the Board, by resolution of the Board of Directors, or by our Chief Executive Officer, President or Secretary (and do not provide our stockholders with the right to call a special meeting or to require the Board of Directors to call a special meeting); and

- that subject to the rights of any series of preferred stock or any other series or class of stock set forth in our Certificate of Incorporation, any vacancy on the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause or newly created directorships, may be filled only by the affirmative vote of a majority of the remaining directors, and a director can be removed from office without cause only by the affirmative vote of the holders of at least 80% of the voting power of the then outstanding voting stock, voting together as a single class.

Also, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may, unless other criteria are met, prohibit large stockholders, in particular those owning 15% or more of the voting rights of our common stock, from, among other things, merging or combining with us for a prescribed period of time.

In addition, our brokerage subsidiaries are heavily regulated, and some of our regulators require that they approve transactions, that could result in a change of control, as defined by the then-applicable rules of our regulators. So long as these subsidiaries remain registered broker-dealers, the requirement that this approval be obtained may prevent or delay transactions that would result in a change of control.

Our stock price may fluctuate experience greater volatility. With the announcement of our intention to dissolve, our progress toward a planned dissolution and ultimate liquidation could become the subject of considerable speculation, especially regarding the timing and amounts of any liquidating distributions and the lingering possibility of an alternative transaction. Speculation, and market activity influenced by speculation, may bear little resemblance to the actual facts or value of the company. This could make it more difficult for you to sell your shares at a price approximating its inherent value or at all.

Because MatlinPatterson FA Acquisition LLC, a Delaware limited liability company ("MatlinPatterson"), and Eric J. Gleacher each controls a significant percentage of the voting power of our common stock, they can exert considerable influence over the Company . As of March 17, 2014, MatlinPatterson controlled approximately 29% of the voting power of our common stock and Mr. Eric J. Gleacher, our former

Chairman, controlled approximately 12% of the voting power of our common stock. Either MatlinPatterson or Mr. Gleacher, acting together or alone, can exert considerable influence over corporate actions requiring stockholder approval. As a result, it may be difficult for other investors to affect the outcome of any stockholder vote.

In addition, if any of our stockholders, including MatlinPatterson and Mr. Gleacher, that in the aggregate own a majority of our common stock choose to act together, they would be able to determine the outcome of most matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on common stock. These stockholders might choose to take actions that are favorable to them but not to our other stockholders.

Future sales or anticipated future sales of our common stock in the public market, by us, by MatlinPatterson or Mr. Gleacher, by our current or former employees or by others, could cause our stock price to decline . The sale or anticipated future sale of a significant number of shares of our common stock in the open market by MatlinPatterson, Mr. Gleacher or others, whether pursuant to a resale prospectus or pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), could cause the market price of our common stock to decline. Any such decline could impair our ability to raise capital through the sale of additional equity securities at a price we deem appropriate.

We have granted rights to certain of our stockholders, with respect to registration under the Securities Act of the offer and sale of our common stock. These rights include both "demand" registration rights, which require us to file a registration statement if asked by such holders, as well as incidental, or "piggyback," registration rights granting the right to such holders to be included in a registration statement filed by us. As of March 17, 2014, there were approximately 2.5 million shares of our common stock to which these rights pertain. These sales might impact the liquidity of our common stock making it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

In addition, a strategic transaction (in lieu of dissolution and liquidation), may entail issuing additional shares of common stock or securities that are convertible into or exchangeable for, or that represent the right to purchase or receive, common stock. The issuance of any additional shares of common stock or securities convertible into or exchangeable for common stock or that represent the right to purchase or receive common stock, or the exercise of such securities, could be substantially dilutive to holders of our common stock. Such sales or offerings could result in increased dilution to our stockholders. The market price of our common stock could decline as a result of sales of, or an expectation of sales of, shares of our common stock or securities convertible into or exchangeable for common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

A list of principal office locations as of December 31, 2013 is as follows:

New York, NY (approximately 2,000 square feet)
Albany, NY (approximately 3,000 square feet)
Waltham, MA (approximately 1,000 square feet)

Item 3. Legal Proceedings

The Company is not a party to any legal proceeding required to be disclosed in this Annual Report on Form 10-K per applicable SEC regulations. For further discussion regarding litigations and arbitrations, refer to Note 17 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

None

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock trades on The NASDAQ Global Market under the symbol "GLCH." As of February 28, 2014 there were approximately 140 holders of record of the Company's common stock. No dividends have been declared or paid on our common stock since February 2005. Refer to Part I, Item I "Business Overview" for discussion regarding the Company's proposed dissolution and liquidation.

The following table sets forth the high and low sales prices for the common stock during each quarter for the fiscal years ended.

	Quarter Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
2013				
Stock Price Range				
High	$ 19.60	$ 17.60	$ 14.18	$ 13.70
Low	10.00	11.00	12.81	9.94
2012				
Stock Price Range				
High	$ 37.60	$ 27.80	$ 19.60	$ 16.40
Low	25.00	10.60	13.00	12.60

On May 30, 2013, the Company implemented a reverse stock split of its shares of common stock at a ratio of 1-for-20. As a consequence of the reverse stock split, every 20 shares of the Company's outstanding common stock were combined into one share, without any change to the par value per share. All share and share-related information herein has been adjusted, to the extent necessary, to reflect this reverse stock split.

Issuance of Unregistered Securities

There were no undisclosed issuances of unregistered equity securities during the year ended December 31, 2013.

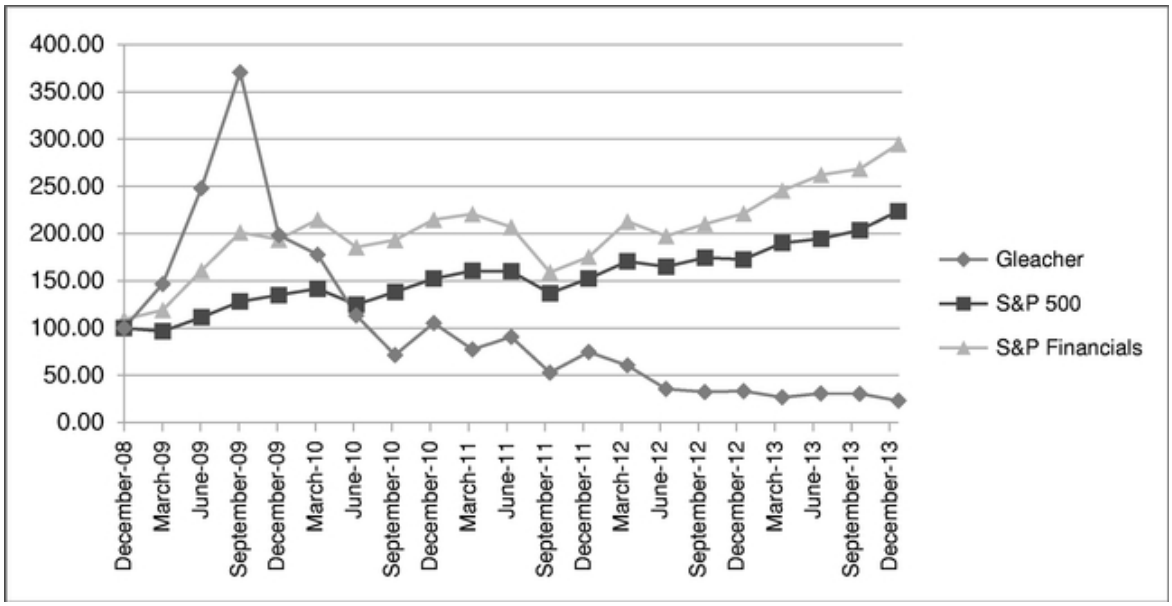
Issuer Purchases of Equity Securities

In February 2013, the Board of Directors renewed the Company's share repurchase program, authorizing up to $10 million in additional repurchases of Company common stock. No shares have been repurchased since the renewal of this program. This program expired on March 13, 2014 and has not been renewed.

Stockholder Return Performance Presentation

Set forth below are line graphs comparing the yearly change in cumulative total stockholder return on our common stock against cumulative total return of the Standard & Poor's 500 and Standard & Poor's 500 Financials Indices, assuming an investment of $100 on December 31, 2008.

The following table has been included for the period of five fiscal years, commencing December 31, 2008 and ending December 31, 2013:



Item 6. Selected Financial Data

The following selected financial data has been derived from the consolidated financial statements of the Company. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included within Item 8 of this Annual Report on Form 10-K. The financial results set forth in the following table may not be representative of future results due to recent developments described under Item 1, "Business—Overview" and elsewhere in this Annual Report on Form 10-K.

For the years ended December 31, In thousands, except for per share amounts)	2013	2012	2011	2010	2009
Statement of Operations Data:					
Total revenues	$ 1,933	$ 2,082	$ 4,062	$ (2,018)	$ 3,609
Total expenses	29,542	29,088	23,233	46,018	21,734
Loss before income taxes, discontinued operations	(27,609)	(27,006)	(19,171)	(48,036)	(18,125)
Income tax (benefit)/expense	(1,082)	22,940	(7,422)	(19,848)	(28,089)
(Loss)/income from continuing operations	(26,527)	(49,946)	(11,749)	(28,188)	9,964
(Loss)/income from discontinued operations, net of taxes	(73,005)	(27,744)	(70,375)	7,567	44,956
Net (loss)/income	$ (99,532)	$ (77,690)	$ (82,124)	$ (20,621)	$ 54,920
Basic (loss)/income per share:					
Continuing operations	$ (4.33)	$ (8.40)	$ (1.90)	$ (4.65)	$ 2.06
Discontinued operations	(11.93)	(4.66)	(11.40)	1.25	9.28
Net (loss)/income per share	$ (16.26)	$ (13.06)	$ (13.30)	$ (3.40)	$ 11.34
Diluted (loss)/income per share:					
Continuing operations	$ (4.33)	$ (8.40)	$ (1.90)	$ (4.65)	$ 1.91
Discontinued operations	(11.93)	(4.66)	(11.40)	1.25	8.63
Diluted (loss)/income per share	$ (16.26)	$ (13.06)	$ (13.30)	$ (3.40)	$ 10.54

December 31, (In thousands, except for per share amounts)	2013	2012	2011	2010	2009
Balance Sheet Data:					
Total assets	$95,964	$1,229,306	$3,303,556	$1,657,932	$1,216,163
Mandatorily redeemable preferred stock	—	—	—	—	24,419
Subordinated debt	409	595	801	909	1,197
Stockholders' equity	83,854	180,995	259,123	346,159	328,985
Other data:					
Cash dividend per share	—	—	—	—	—
Book value per share	13.58	29.09	42.87	52.92	52.91

Reclassification

Certain amounts in operating results for 2009 through 2012 have been reclassified to conform to the 2013 presentation with no impact to previously reported net (loss) / income or stockholders' equity. This includes the prior period results of the Investment Banking, MBS &Rates, Credit Products and ClearPoint divisions, which are now being reported as discontinued operations.

In addition, certain items which have previously been reported within the Company's Other segment have been reclassified as discontinued operations, as follows:

(In thousands of dollars)	2013	2012	2011	2010	2009
Items reclassified as discontinued operations					
Revenue					
Net interest income	$ 574	$ 5,627	$ 6,330	$ 7,339	$ 9,928
Investment banking	—	—	—	—	1,196
Gain from bargain purchase—ClearPoint acquisition	—	—	2,330	—	—
	574	5,627	8,660	7,339	11,124
Expenses					
Compensation expense	2,717	7,870	6,826	9,178	6,755
Professional fees	733	2,243	1,162	1,631	1,047
Occupancy expense	1,458	1,753	998	4,902	1,776
Goodwill and intangible asset impairment	—(1)	21,533	82,045	3,699	3,622
Communications and data processing	356	727	1,271	592	284
Other	488	406	526	2,258	942
Total expenses:	5,752	34,532	92,828	22,260	14,426
Net items reclassified to discontinued operations	$ (5,178)	$ (28,905)	$ (84,168)	$ (14,921)	$ (3,302)

(1) Impairment of intangible assets of $3.9 million for the year ended December 31, 2013, recognized in connection with the Company's exits from Investment Banking, Fixed Income and ClearPoint is recorded as restructuring expense and included within discontinued operations (Refer to Notes 21 and Note 22 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K).

GLEACHER & COMPANY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. These statements are not historical facts but instead represent the Company's belief or plans regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. These statements include, for example, the expectations regarding the Company's proposed dissolution, further discussed below. The Company's forward-looking statements are subject to various risks and uncertainties, including the risks and factors identified herein and in other public disclosures made by the Company from time to time, including in the Company's periodic and current reports and other filings with the Securities and Exchange Commission. As a result, the Company's actual results may differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned that these forward-looking statements, including, without limitation, statements regarding the dissolution and liquidation of the Company, the availability, amount or timing of liquidating distributions to stockholders, the adequacy of reserves established to satisfy the Company's obligations, the belief that there is a reasonable possibility that a portion of the contingency reserves will ultimately be distributed to the stockholders and the possibility that an alternative, value-creating transaction may be proposed, and other statements contained herein that are not historical facts, are only estimates or predictions. You are cautioned not to place undue reliance on any forward-looking statements. The Company does not undertake to update any of its forward-looking statements.

As used herein, the terms "Company," "Gleacher," "we," "us," or "our" refer to Gleacher & Company, Inc. and its subsidiaries.

Any forward-looking statement should be read and interpreted together with any cautionary statements we make publicly, and in particular those made in this report, including:

- the description of our business contained in this report under Item 1, "Business,"
- the risk factors contained in this report under Item 1A, "Risk Factors,"
- the discussion of our legal proceedings contained in this report under Item 3, "Legal Proceedings,"
- the discussion of our analysis of financial condition and results of operations contained in this report under this Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations,"
- the discussion of market, credit, operational and other risks impacting our business contained in this report under Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," and
- the notes to the consolidated financial statements contained in this report under Item 8, "Financial Statements and Supplementary Data."

In reviewing the financial statements, data and other information contained in this annual report, readers are directed to the disclosures under the caption "Business Overview—Planned Dissolution and Liquidation" and elsewhere herein with respect to the approval by the Company's Board of Directors of a plan to dissolve the Company and liquidate its assets. In accordance with accounting principles generally accepted in the United States, pending stockholder approval of such plan, no adjustments have been made to the financial statements or other financial data contained herein to reflect that plan.

Business Overview

Gleacher & Company, Inc. (the "Parent" and together with its subsidiaries, "Gleacher" or the "Company") is incorporated under the laws of the State of Delaware. The Company's common stock is traded on The NASDAQ Global Market ("NASDAQ") under the symbol "GLCH."

The Company recently announced that, after an extensive evaluation of other alternatives, its Board of Directors has determined that it is in the best interests of the Company's stockholders that the Company dissolve, liquidate and distribute to stockholders its available assets.

Planned Dissolution and Liquidation

As previously announced, the Company has been engaged in a lengthy and intensive evaluation of potential strategic alternatives in order to preserve and maximize stockholder value. Those potential alternatives included (i) pursuing a strategic transaction with a third party, such as a merger or sale of the Company; (ii) the reinvestment of the Company's liquid assets in favorable opportunities; and (iii) dissolving the Company, winding down its remaining operations and distributing its net assets to its stockholders, after making appropriate reserves for liabilities and expenses. The Board of Directors and the Company, together with its external advisors, devoted substantial time and effort in seeking, identifying and pursuing opportunities and other alternatives to enhance stockholder value; however, that process had not at that time yielded any opportunities viewed by the Board as reasonably likely to provide greater realizable value to stockholders than the complete dissolution and liquidation of the Company.

The Company's dissolution was unanimously approved by the Board of Directors on March 12, 2014, but is subject to stockholder approval. The Company intends to present this proposal to its stockholders of record as of April 21, 2014 at the 2014 Annual Meeting, currently scheduled for May 29, 2014. The Company will file prescribed proxy materials with the Securities and Exchange Commission in advance of that meeting. In connection with the dissolution, the Company intends to distribute to its stockholders all available cash other than as may be required to pay expenses and pay or make reasonable provision for known and potential claims and obligations of the Company, as required by applicable law. The Board of Directors' decision contemplates an orderly wind down of the Company's remaining business and operations, including the dissolution and winding-up of subsidiaries. If approved by the Company's stockholders, the Company intends to file a certificate of dissolution, pay, satisfy, resolve or make reasonable provisions for claims and obligations as well as anticipated costs associated with the Company's dissolution and liquidation, and seek to convert its remaining assets into cash or cash equivalents as soon as reasonable, practicable and financially prudent.

If the Company's stockholders approve the proposal, the Company currently expects to make an initial liquidating distribution to stockholders of approximately $20 million ($3.23 per share). The Company expects to make this initial liquidating distribution as soon as practicable following receipt of stockholder approval and filing of a certificate of dissolution. The amount of this initial distribution reflects the Company's current liquid assets offset in part by provisions, or reserves, for future operating costs and expenses associated with dissolution and liquidation and, as required by law, for other known and potential claims and obligations. Delaware law requires that, in connection with a dissolution, the Company's Board of Directors make reasonable provision for known and potential claims and obligations of the Company and maintain those reserves until resolution of such matters, and similar legal requirements apply to our subsidiaries. The Board of Directors, in consultation with its advisors, has evaluated the liabilities, expenses, and known potential claims and obligations of the Company and its subsidiaries, as well as other matters, in order to estimate the amount that will be reserved. Insofar as the reserves required by applicable law exceed, in the view of the Board of Directors, the ultimate amounts the Company will likely be required to pay creditors, the Board of Directors believes there is a reasonable possibility that a portion of the reserves will ultimately be

distributed to stockholders. The Board of Directors currently believes that these subsequent distributions could range between $40 million and $70 million ($6.47 and $11.32 per share), for a total aggregate distribution to stockholders ranging between $60 million and $90 million ($9.70 and $14.55 per share). The Board will evaluate the Company's reserves on a periodic basis and will approve liquidating distributions when and as it deems appropriate. Additional liquidating distributions will be made to the extent the required contingency reserves are released and upon the Company's non-cash assets being monetized, which would likely span a multi-year period. Further details regarding anticipated future distributions will be disclosed in the Company's proxy materials to be filed in connection with the Company's 2014 Annual Meeting.

The amount distributable to stockholders, both initially and in total, may vary substantially from the amounts currently estimated based on many factors, including the resolution of outstanding known claims and obligations, the possible assertion of claims that are currently unknown to the Company, the ability to receive reasonable value when selling or otherwise monetizing its assets, including its investment in FA Technology Ventures L.P. ("FATV"), and costs incurred to wind down the Company's business. Further, if additional amounts are ultimately determined to be necessary to satisfy or make provision for any of these obligations, stockholders may receive substantially less than the current estimates.

Until such time, if any, as the stockholders approve the Company's dissolution, and the Board of Directors decides, and instructs management, to proceed with a dissolution, the Company will continue to investigate and consider any feasible, alternative, value-creating transactions of which it becomes aware. If prior to its dissolution, the Company receives an offer for a transaction that, in the view of the Board, would be expected to provide superior value to stockholders than the value of the currently estimated distributions, taking into account factors that could affect valuation, including timing and certainty of payment or closing, proposed terms and other factors, the dissolution could be abandoned in favor of such a transaction, even if dissolution has been previously approved by the Company's stockholders.

Going Concern and Basis of Presentation

As noted above, the Company's Board of Directors approved a dissolution and liquidation of the Company, subject to stockholder approval. In connection with this intention, the Company intends to distribute to its stockholders all available cash other than as may be required to pay or make reasonable provision for known and potential claims and obligations of the Company. The Board of Directors' decision also contemplates a further, orderly wind down of the Company's business and operations and, if approved by the Company's stockholders, the filing of a certificate of dissolution, among other matters. All of these factors raise substantial doubt about the Company's ability to continue as a going concern.

Accounting principles generally accepted in the United States of America ("GAAP") require financial statements to be prepared on a going concern basis. A liquidation basis of accounting is only appropriate to the extent liquidation is imminent. In order to meet this criteria, among other factors, the plan for dissolving the Company, which would be followed by liquidation must be approved by the person or persons with the authority to make such a plan effective, which in this instance, is the Company's stockholders. If the plan of dissolution is approved by the Company's stockholders at the Company's 2014 Annual Stockholders Meeting, currently scheduled for May 29, 2014, the Company would then prospectively prepare its financial statements on a liquidation basis of accounting. The Company's accompanying financial statements contained within Item 8 of this Annual Report on Form 10-K, and the discussion and financial information contained herein, have been prepared on a going concern basis as liquidation currently is not imminent.

Discontinuation of Operations and Appointment of Capstone Advisory Group, LLC

The Company has no meaningful revenue-producing operations. In the first quarter of 2013, the Company operated an investment banking business, predominately fixed-income sales and trading and financial advisory services, through three principal business units: Investment Banking, MBS & Rates and Credit Products. The Company also engaged in residential mortgage lending operations through its subsidiary ClearPoint Funding, Inc. ("ClearPoint").

During the second quarter of 2013, the Company's Board of Directors approved plans to discontinue operations in its MBS & Rates (including RangeMark Financial Services ("RangeMark")) and Credit Products divisions (together, "Fixed Income" or the "Fixed Income businesses") as well as, later in the quarter, its Investment Banking division. Exiting these businesses impacted approximately 150 employees. The ClearPoint business was discontinued, and the business sold to Homeward Residential, Inc. ("Homeward") in February 2013 (the "Homeward Transaction"). In addition, in the third quarter of 2011, the Company exited the Equities business. Exiting the Equities business impacted 62 employees. As of March 17, 2014, the Company had 13 employees.

On May 31, 2013, the Board of Directors appointed Christopher J. Kearns of Capstone Advisory Group, LLC ("Capstone") as the Company's Chief Restructuring Officer and Chief Executive Officer. The Company also entered into an agreement with Capstone and Mr. Kearns, pursuant to which Capstone was engaged to provide a number of services to the Company, including (i) evaluating and implementing, subject to the approval of the Company's Board of Directors, the chosen course of action to preserve asset value and maximize recoveries to stockholders under the circumstances; (ii) overseeing the operations of the Company through execution of the selected course of action; (iii) ascertaining personnel and potential funding required and taking key steps to effectuate the selected course of action; and (iv) soliciting and evaluating expressions of interest in certain assets of the Company and effectuating such sales where appropriate and practical under the circumstances.

FINANCIAL OVERVIEW

The Company prepares its consolidated financial statements using accounting principles generally accepted in the United States of America ("GAAP"). These consolidated financial statements are contained within Item 8 of this Annual Report on Form 10-K. The prior period results of the Company's Investment Banking, Fixed Income and ClearPoint divisions have been reclassified to discontinued operations in order to conform to the current year presentation.

The financial results set forth in the following table may not be representative of future results due to recent developments described under Item 1, "Business—Overview" and elsewhere in this Annual Report on Form 10-K.

Results of Operations

	Years ended December 31,		
	2013	2012	2011
Revenues			
Investment gains, net	$ 1,267	$ 1,233	$ 2,996
Fees and other	666	849	1,066
Total revenue	1,933	2,082	4,062
Expenses			
Compensation and benefits	9,098	13,053	12,017
Professional fees	11,184	9,643	4,503
Settlement of arbitration and other claims	3,146	—	—
Communications and data processing	1,181	1,935	2,105
Occupancy, depreciation and amortization	1,349	1,577	1,346
Other	3,584	2,880	3,262
Total expenses	29,542	29,088	23,233
Loss from continuing operations before income taxes and discontinued operations	(27,609)	(27,006)	(19,171)
Income tax (benefit)/expense	(1,082)	22,940	(7,422)
Loss from continuing operations	(26,527)	(49,946)	(11,749)
Loss from discontinued operations, net of taxes (Refer to Note 22 contained in Item 8 of this Annual Report on Form 10-K)	(73,005)	(27,744)	(70,375)
Net loss	$ (99,532)	$ (77,690)	$ (82,124)

Years Ended December 31, 2013 and 2012

Revenues

As previously mentioned, the Company has no meaningful revenue-producing operations. Revenues are currently earned from investment gains and losses of the Company's legacy investments. Refer to Note 10 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K. In addition, the Company may recognize other miscellaneous income, including revenues related to the clawback of certain stock-based compensation grants subject to non-competition provisions.

For the year ended December 31, 2013, net revenue from continuing operations was $1.9 million, relatively unchanged compared to the year ended December 31, 2012.

Expenses

Expenses for the year ended December 31, 2013 of $29.5 million increased $0.4 million, or 1.6%, compared to $29.1 million for the year ended December 31, 2012.

Compensation and benefits expense from continuing operations for the year ended December 31, 2013 of approximately $9.1 million, includes approximately $2.0 million of compensation associated with certain former administrative employees (including the Company's former Chief Executive Officer and Chief Operating Officer), incurred principally during the six months ended June 30, 2013. In addition, compensation and benefits expense for the year ended December 31, 2013 includes (i) approximately $2.7 million incurred in connection with the Company entering into retention agreements with Company employees, including with the Company's General Counsel and Secretary, and its Controller and (ii) approximately $0.4 million of fees paid to Capstone associated with services provided by

Mr. Christopher J. Kearns in connection with his role as the Company's Chief Restructuring Officer and Chief Executive Officer. Compensation and benefits expense declined when compared to the prior year due to lower average headcount, resulting from the previously mentioned headcount reductions in administrative functions due to the Company's restructuring that occurred in the second quarter of 2013.

Professional fees of $11.2 million for the year ended December 31, 2013 increased by approximately $1.5 million when compared to the year ended December 31, 2012. Included within professional fees for the year ended December 31, 2013 were reimbursements to MatlinPatterson of approximately $1.1 million incurred in connection with the preparation, distribution and solicitation of their proxy materials associated with the 2013 Annual Meeting of Stockholders and advisory fees paid to Capstone of approximately $1.8 million, which excludes the previously mentioned fees within compensation and benefits. In addition, in the 2013 period, the Company has incurred legal fees in connection with matters associated with the terminations of its former Chief Executive Officer and Chief Operating Officer, as well as legal fees incurred in connection with the settlement of compensation and other claims brought by a former employee (both matters of which are further described within Note 17 contained in Item 8 of this Annual Report on Form 10-K), higher legal fees associated with the Company's 2013 Annual Meeting of Stockholders and other matters. Offsetting these increases were lower fees incurred in connection with the Company's strategic review process which were approximately $1.3 million for the year ended December 31, 2013 (and includes approximately $1.0 million prior to the Company's restructuring in the second quarter of 2013), compared to approximately $2.7 million for the prior year. The 2012 period (but not the 2013 period) also includes approximately $2.8 million of consulting fees associated with the Company's exploration of launching an asset management business.

During the year ended December 31, 2013, the Company recorded a charge of approximately $3.2 million in connection with the settlement of compensation and other claims brought by a former employee. Refer to Note 17 contained in Item 8 of this Annual Report on Form 10-K for additional information.

Communications and data processing expense of $1.2 million for the year ended December 31, 2013 decreased by 39.0%, or $0.8 million, primarily due to ongoing cost reductions in connection with the Company's restructuring.

Occupancy and depreciation expense of $1.4 million for the year ended December 31, 2013 remained relatively unchanged compared to the year ended December 31, 2012.

Other expenses of $3.6 million for the year ended December 31, 2013 increased $0.7 million, or 24.4%, compared to the year ended December 31, 2012. During the fourth quarter of 2013, the Company recorded a non-cash charge of approximately $0.7 million related to a reduction of an indemnification receivable, associated with an uncertain tax position for which the statute of limitations has expired (of which this charge is offset by a benefit recorded within the Company's provision for income taxes). Other expenses for the year ended December 31, 2013 also includes a charge of $0.4 million related to a reserve taken on an outstanding loan receivable. Partially offsetting these items were prior year miscellaneous expenses of $0.2 million associated with the Company's strategic review process, as well as other miscellaneous items.

Income Taxes

Year Ended December 31, 2013

The Company provided for a full valuation allowance against the net operating losses ("NOLs") generated during the year ended December 31, 2013. The Company's pre-tax NOL at December 31, 2013 is estimated to be approximately $159 million. In the event that the Company experiences an

ownership change under Internal Revenue Code Section 382, the Company's NOLs would be fully impaired (reduced nearly to zero). Absent an ownership change, including in the event of a dissolution, the Company's NOLs would be available to offset any income it may recognize, if any. The Company's income tax benefit from continuing operations of $1.1 million for the year ended December 31, 2013 is primarily due to the reduction of an uncertain tax position of approximately $0.7 million due to the expiration of the statute of limitations and provision to return adjustments of approximately $0.5 million.

Year Ended December 31, 2012

In the second quarter of 2012, the Company entered into a three-year cumulative loss position. This cumulative loss position, along with other evidence, merited the establishment of a valuation allowance against the deferred tax assets.

Income tax expense from continuing operations for the year ended December 31, 2012 was $22.9 million and was primarily due to the establishment of a valuation allowance against substantially all of the Company's deferred tax assets, of which a substantial portion has been allocated to continuing operations.

Net Loss

The Company reported a net loss from continuing operations of $26.5 million and $49.9 million for the years ended December 31, 2013 and 2012, respectively. Net loss per share from continuing operations was $4.33 and $8.40 for the years ended December 31, 2013 and 2012, respectively. Loss from discontinued operations, net of taxes for the years ended December 31, 2013 and 2012 were $73.0 million (or $11.93 per share) and $27.7 million (or $4.66 per share), respectively.

Years Ended December 31, 2012 and 2011

Revenues

For the year ended December 31, 2012, net revenue from continuing operations was $2.1 million, compared to $4.1 million for the year ended December 31, 2011. The decrease in net revenue was due to changes in the fair value of the Company's investments and lower fees and other.

Expenses

Expenses for the year ended December 31, 2012 of $29.1 million increased $5.9 million, or 25.2%, compared to $23.2 million for the year ended December 31, 2011.

Compensation and benefits expense from continuing operations of $13.1 million for the year ended December 31, 2012 increased by approximately $1.0 million when compared to the year ended December 31, 2011. The increase was primarily related to a full year of amortization of stock-based compensation during the year ended December 31, 2012, related to awards granted to the Company's former CEO and former COO in connection with their hiring in the second and third quarter of 2011, respectively.

Professional fees of $9.6 million for the year ended December 31, 2012 increased by approximately $5.1 million when compared to the year ended December 31, 2011. This increase was a result of fees incurred with the Company's strategic review process of approximately $3.0 million, as well as approximately $2.8 million of consulting fees associated with the Company's exploration of launching an asset management business. Partially offsetting these items were recruiting fees paid in connection with the hiring of our former CEO during the year ended December 31, 2011.

Communications and data processing expense of $1.9 million for the year ended December 31, 2012 remained relatively unchanged compared to the year ended December 31, 2011

Occupancy and depreciation expense of $1.6 million for the year ended December 31, 2012 also remained relatively unchanged compared to the year ended December 31, 2011.

Other expenses of $2.9 million for the year ended December 31, 2012 decreased $0.4 million, or 11.7%, compared to the year ended December 31, 2011, primarily due to lower accruals for capital-based taxes.

Income Tax Expense (Benefit)

Year Ended December 31, 2012

Income tax expense from continuing operations for the year ended December 31, 2012 was $22.9 million and was primarily due to the previously mentioned establishment of a valuation allowance against substantially all of the Company's deferred tax assets, of which a substantial portion has been allocated to continuing operations.

Year Ended December 31, 2011

The Company's effective income tax rate from continuing operations for the year ended December 31, 2011 of 38.7% resulted in an income tax benefit of approximately $7.4 million. The Company's tax rate differs from the federal statutory rate of 35% primarily due to state and local taxes, partially offset by provision to return adjustments.

Net Loss

The Company reported a net loss from continuing operations of $49.9 million and $11.7 million for the years ended December 31, 2012 and 2011, respectively. Net loss per share from continuing operations was $8.40 and $1.90 for the years ended December 31, 2012 and 2011, respectively. Loss from discontinued operations, net of taxes for the years ended December 31, 2012 and 2011 were $27.7 million (or $4.66 per share) and $70.4 million (or $11.40 per share), respectively.

Discontinued Operations

During the second quarter of 2013, the Board of Directors of the Company approved plans to discontinue its Investment Banking and Fixed Income businesses. In addition, during the first quarter of 2013, substantially all of ClearPoint's assets were sold to Homeward (resulting in a loss of approximately $1.1 million). As a result of these exits, the results of these businesses have been classified as discontinued operations.

Discontinued operations also include residual profits and losses related to the Equities division due to the Company's decision to exit this business on August 22, 2011.

Amounts reflected in the Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011 related to these discontinued operations are presented in the following table.

(In thousands of dollars)	2013	2012	2011
Net revenue			
Investment Banking	$ 15,056	$ 27,441	$ 26,610
MBS & Rates	(4,412)	40,638	103,858
Credit Products	13,049	74,432	71,056
ClearPoint	4,356	53,375	46,924
Equities division	76	54	13,064
Other items reclassified from continuing operations	574(1)	5,627(1)	8,660(1)
Total net revenue	28,699	201,567	270,172
Total expenses (excluding restructuring expense)			
Investment Banking	12,633	22,863	24,320
MBS & Rates	11,003	40,511	70,738
Credit Products	14,521	70,687	61,318
ClearPoint	6,611	59,265	50,610
Equities division	169	98	31,714
Other items reclassified from continuing operations	5,752(1)	34,532(1)	92,828(1)
Total expenses (excluding restructuring expense)	50,689	227,956	331,528
(Loss)/income from discontinued operations before income taxes (excluding restructuring expense)			
Investment Banking	2,423	4,578	2,290
MBS & Rates	(15,415)	127	33,120
Credit Products	(1,472)	3,745	9,738
ClearPoint	(2,255)	(5,890)	(3,686)
Equities division	(93)	(44)	(18,650)
Other items reclassified from continuing operations	(5,178)	(28,905)	(84,168)
Subtotal	(21,990)	(26,389)	(61,356)
Restructuring expense	(50,830)(2)	447(2)	(7,094)(2)
Loss from discontinued operations before income taxes	(72,820)	(25,942)	(68,450)
Income tax expense	185	1,802	1,925
Loss from discontinued operations, net of taxes	$ (73,005)	$ (27,744)	$ (70,375)

(1) Refer to Note 1 contained in Item 8 of this Annual Report on Form 10-K

(2) Refer to Note 21 contained in Item 8 of this Annual Report on Form 10-K

The Company's net revenue from operations now discontinued was $28.7 million, $201.6 million and $270.2 million for the years ended December 31, 2013 2012 and2011, respectively.

Net revenue for the year ended December 31, 2013 was $28.7 million, of which $31.4 million were generated during the first quarter, including all revenue from Investment Banking. The revenue generating capabilities of the Fixed Income businesses for the current year suffered from the uncertainties and adverse developments, summarized above and under Item I, "Business-Overview." Results of the MBS & Rates division reflect sales and trading losses, including losses on the wind down of the Company's financial instruments owned of $9.4 million. The sales and trading losses were partially mitigated by net interest income earned prior to the Company's restructuring. The Credit

Products division suffered significant declines in revenue upon the departure of approximately 20 professionals in mid-February 2013. Those and other subsequent departures, which further contributed to the Company's instability, had a material adverse impact on the Credit Products division's sales and trading activities.

The pre-tax results from discontinued operations for the year ended December 31, 2013 (excluding restructuring expenses) was a loss of $22.0 million and was directly affected by the drastic decline in revenue. Discontinued operations for the year ended December 31, 2013 was also impacted by a restructuring charge of $50.8 million. Refer to "Liquidity and Capital Resources," below.

Financial Condition

The Company's total assets at December 31, 2013 and December 31, 2012 were approximately $96.0 million and$1.2 billion, respectively. The 92.2% decline in assets was directly attributable to the sale of the Company's financial instruments owned in connection with its exit from the Fixed Income businesses during the second quarter of 2013. At December 31, 2013, the Company's assets were substantially comprised of cash and cash equivalents and investments.

Investments

Included within total assets are investments of approximately $18.9 million and $20.5 million at December 31, 2013 and December 31, 2012, respectively. The Company's investments consist of interests in privately held securities, the valuations of which are based predominantly on unobservable inputs and are therefore classified as Level 3.

Investments—Quantitative Disclosure About Significant Unobservable Inputs

The Company's investments are primarily associated with the Company's limited partnership investment in FATV of approximately $17.6 million (6 privately held companies) and $17.1 million (7 privately held companies) at December 31, 2013 and December 31, 2012, respectively. Refer to Note 10 within the footnotes to the consolidated financial statements contained within Item 8 of this Annual Report on Form 10-K for additional information.

Unobservable Inputs—December 31, 2013

Valuation Technique	Unobservable Input	Range (Weighted Average)
Market comparable companies	Enterprise value/Revenue multiple	2.7x–7.0x (5.5x)
	Discount applied to multiples	30%–35% (30%)
Venture capital method	Enterprise value/EBITDA multiple	5.0x
	Discount applied to enterprise value	55%

Unobservable Inputs—December 31, 2012

Valuation Technique	Unobservable Input	Range (Weighted Average)
Market comparable companies	Enterprise value/Revenue multiple	4.3x–6.7x (5.7x)
	Discount applied to multiples	25.0%–40.0% (22.0%)

An increase in the enterprise value/revenue and EBITDA multiples would result in a higher fair value for these investments, whereas, an increase in the discounts applied would reduce fair value.

Restructuring Reserve

In addition, during the year ended December 31, 2013, the Company paid approximately $38.1 million associated with its restructuring, including $21.5 million in connection with lease commitments (of which $19.5 million is associated with the Company's lease termination of its headquarters at 1290 Avenue of the Americas, New York, New York), $11.7 million in severance and $4.9 million related to the termination of third party vendor contracts. Refer to Note 21 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

Liquidity and Capital Resources

Proposed Dissolution and Liquidation

As previously mentioned, the Company's Board of Directors has determined, after an extensive evaluation of other alternatives, that it is in the best interests of the Company's stockholders to dissolve, liquidate and distribute to stockholders its available assets. The Company's dissolution was unanimously approved by the Board of Directors on March 12, 2014, but is subject to stockholder approval. The Company intends to present this proposal to its stockholders of record as of April 21, 2014 at the 2014 Annual Meeting, currently scheduled for May 29, 2014. The Company will file prescribed proxy materials with the Securities and Exchange Commission in advance of that meeting. In connection with the dissolution, the Company intends to distribute to its stockholders all available cash other than as may be required to pay expenses and pay or make reasonable provision for known and potential claims and obligations of the Company, as required by applicable law. The Board of Directors' decision contemplates an orderly wind down of the Company's remaining business and operations, including the dissolution and winding-up of subsidiaries. If approved by the Company's stockholders, the Company intends to file a certificate of dissolution, pay, satisfy, resolve or make reasonable provisions for claims and obligations as well as anticipated costs associated with the Company's dissolution and liquidation, and seek to convert its remaining assets into cash or cash equivalents as soon as reasonable, practicable and financially prudent.

If the Company's stockholders approve the proposal, the Company currently expects to make an initial liquidating distribution to stockholders of approximately $20 million ($3.23 per share). The Company expects to make this initial liquidating distribution as soon as practicable following receipt of stockholder approval and filing of a certificate of dissolution. The amount of this initial distribution reflects the Company's current liquid assets offset in part by provisions, or reserves, for future operating costs and expenses associated with dissolution and liquidation and, as required by law, for other known and potential claims and obligations. Delaware law requires that, in connection with a dissolution, the Company's Board of Directors make reasonable provision for known and potential claims and obligations of the Company and maintain those reserves until resolution of such matters, and similar legal requirements apply to our subsidiaries. The Board of Directors, in consultation with its advisors, has evaluated the liabilities, expenses, and known potential claims and obligations of the Company and its subsidiaries, as well as other matters, in order to estimate the amount that will be reserved. Insofar as the reserves required by applicable law exceed, in the view of the Board of Directors, the ultimate amounts the Company will likely be required to pay creditors, the Board of Directors believes there is a reasonable possibility that a portion of the reserves will ultimately be distributed to stockholders. The Board of Directors currently believes that these subsequent distributions could range between $40 million and $70 million ($6.47 and $11.32 per share), for a total aggregate distribution to stockholders ranging between $60 million and $90 million ($9.70 and $14.55 per share). The Board will evaluate the Company's reserves on a periodic basis and will approve liquidating distributions when and as it deems appropriate. Additional liquidating distributions will be made to the extent the required contingency reserves are released and upon the Company's non-cash assets being monetized, which would likely span a multi-year period. Further details regarding

anticipated future distributions will be disclosed in the Company's proxy materials to be filed in connection with the Company's 2014 Annual Meeting.

The amount distributable to stockholders, both initially and in total, may vary substantially from the amounts currently estimated based on many factors, including the resolution of outstanding known claims and obligations, the possible assertion of claims that are currently unknown to the Company, the ability to receive reasonable value when selling or otherwise monetizing its assets, including its investment in FATV, and costs incurred to wind down the Company's business. Further, if additional amounts are ultimately determined to be necessary to satisfy or make provisions for any of these obligations, stockholders may receive substantially less than the current estimates.

Until such time, if any, as the stockholders approve the Company's dissolution, and the Board of Directors decides, and instructs management, to proceed with a dissolution, the Company will continue to investigate and consider any feasible, alternative, value-creating transactions of which it becomes aware. If prior to its dissolution, the Company receives an offer for a transaction that, in the view of the Board, would be expected to provide superior value to stockholders than the value of the currently estimated distributions, taking into account factors that could affect valuation, including timing and certainty of payment or closing, proposed terms and other factors, the dissolution could be abandoned in favor of such a transaction, even if dissolution has been previously approved by the Company's stockholders.

Ability to Access Capital—Broker Dealer Subsidiaries

Our regulated broker-dealer subsidiaries are subject to various laws and regulations including those that authorize regulatory bodies to monitor and/or restrict, in certain circumstances, the flow of funds to the parent holding company or any other affiliates. Such regulations may prevent the Parent from withdrawing capital from our regulated broker-dealer subsidiaries when and as needed to conduct business activities or satisfy the obligations of the Parent and/or any of its subsidiaries. Gleacher Securities recently terminated its memberships associated with its prior self-clearing activities and is therefore no longer subject to FINRA Rule 4110(c)(2). Under this rule, Gleacher Securities was unable to make an unsecured advance or loan, pay a dividend or otherwise effect a similar distribution to the Parent and/or its affiliates in any rolling 35-calendar-day period, on a net basis, in excess of 10% of "excess net capital," as defined under Rule 15c3-1 of the Exchange Act, without prior written FINRA approval. However, in particular, as registered broker-dealers, Gleacher Securities and Gleacher Partners must provide notice to FINRA and the SEC two days prior to any distributions that exceed in the aggregate in any 30 calendar day period, 30% of the broker-dealer's excess net capital. As previously mentioned, the broker-dealer subsidiaries intend to submit Forms BDW to withdraw their registrations as broker-dealers from the SEC, self-regulatory organizations, and the states. Withdrawal from registration becomes effective 60 days after the filing of Form BDW, unless a firm consents to a longer period or the SEC institutes a proceeding, delays or shortens the date of effectiveness, or otherwise imposes terms or conditions upon such withdrawal. If and when the withdrawals become effective, the rules relating to the withdrawal of capital will no longer apply. At December 31, 2013, our regulated broker-dealer subsidiaries held cash of approximately $32.1 million (of which $31.1 million was held at Gleacher Securities).

Restructuring Charge—Exit from Various Businesses

In connection with the Company's exits from Investment Banking (second quarter of 2013), Fixed Income (second quarter of 2013), ClearPoint (first quarter of 2013) and Equities (third quarter of 2011), the Company recognized charges during the years ended December 31, 2013, 2012 and 2011 of approximately $50.8 million, (-$0.4) million and $7.1 million (of which $38.3 million, (-$0.4) million and

$5.4 million were cash expenditures), respectively. The major costs associated with these charges are as follows:

- severance and other compensation costs of approximately $11.7 million, $0.0 million and $2.6 million for the years ended December 31, 2013, 2012 and 2011 respectively;
- termination of third-party vendor contracts and other costs of approximately $6.7 million, (-$0.2) million and $2.2 million for the years ended December 31, 2013, 2012 and 2011, respectively;
- costs associated with exiting our lease commitments, including the Company's headquarters and other office locations of approximately $19.9 million, (-$0.1) million and $0.6 million, for the years ended December 31, 2013, 2012 and 2011, respectively;
- non-cash charges related to the vesting of stock-based compensation and other deferred compensation of approximately $4.6 million, (-$0.1) million and $1.4 million for the years ended December 31, 2013, 2012 and 2011 respectively; and
- non-cash charges related to the impairment of fixed assets, leasehold improvements, goodwill and intangible assets of approximately $7.9 million, $0.0 million and $0.3 million for the years ended December 31, 2013, 2012 and 2011 respectively.

As of December 31, 2013, the Company's remaining obligation associated with these exits was approximately $2.5 million, and was primarily related to costs associated with the termination of third party vendor contracts, and to a lesser extent, lease commitments. The Company expects the majority of its remaining liability to be settled within the next six months. No other material charges are expected to be incurred. The Company intends to satisfy the cash obligations associated with these exits from available cash on hand.

Refer to Note 21 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

Litigations and Arbitrations

Arbitration—Thomas J. Hughes (former Chief Executive Officer) and John Griff (former ChiefOperating Officer)

In August 2012, the Company adopted the Senior Management Compensation and Retention Plan ("Retention Plan") and entered into related agreements with Thomas J. Hughes, our former Chief Executive Officer, and John Griff, our former Chief Operating Officer. Under the Retention Plan, termination of employment under certain circumstances in connection with the occurrence of a Change in Control, as defined by the Retention Plan, could trigger payments to the covered executive officers. In general, a cash payment would be required following an involuntary termination of employment by the Company (or a resignation by the covered executive officer for good reason, as defined) within six months before or two years after a Change in Control.

Effective May 24, 2013, the employment of each of Thomas J. Hughes and John Griff was terminated by the Company. Messrs. Hughes and Griff each participated in the Retention Plan and had entered into a related retention plan agreement with the Company. To the extent a Change in Control had occurred by November 24, 2013 (six months after the applicable dates of termination), cash payments totaling approximately $7.0 million (and other incidental benefits) would have become payable to these former employees (subject to satisfaction by the former employees of certain conditions).

Subsequent to the Company's termination of these former officers, Messrs. Hughes and Griff made a demand to the Company for benefits under the Retention Plan and their related agreements, and following the Company's rejection of their demand, commenced an arbitration proceeding on September 17, 2013 before the Financial Industry Regulatory Authority ("FINRA") seeking money

damages in an approximate amount of $7.9 million, vesting of unvested equity awards and other relief, all of which they claim are due as a result of their respective terminations. The Company has determined that no severance payments or other benefits based upon a "Change in Control" (as defined in the applicable agreements) are due to these former officers inasmuch as the Company has concluded that no "Change in Control" has occurred. We believe that these individuals' claims that a Change in Control has occurred are without merit. A FINRA hearing of the matter is currently expected to occur in the summer of 2014.

Pursuant to his employment agreement, in the absence of a "Change in Control," Mr. Hughes would have been entitled to a severance payment of $750,000 (not accrued at December 31, 2013), and pursuant to his Restricted Stock Award Agreement, Mr. Griff would have been entitled to vesting of 20,833 unvested shares of restricted stock, subject in each case to the execution and delivery within a specified time period (and non-revocation) of a release of claims against the Company and continued compliance with certain restrictive covenants. These conditions were not satisfied.

No amounts in respect of Messrs. Hughes' and Griff's claims have been accrued as of December 31, 2013, and we consider all unvested equity awards previously held by them to have been forfeited.

Contingent Gains

The Company has made claims against certain third parties for monetary damages. Recoveries, if any, made as a result of these claims could be material, although there can be no assurance that the Company will prevail in its claims or that any recoveries will be made. The Company would recognize any such recoveries once realized. In connection with these matters, the Company has, and may continue to, incur substantial expenses, including legal fees, in pursuing these claims.

Litigations and Arbitrations—General

From time to time, the Company and its subsidiaries are involved in legal proceedings or disputes (See Part I—Item 3, Legal Proceedings).

Due to the nature of the Company's prior business activities and ongoing operations, the Company and its subsidiaries have been exposed to risks associated with a variety of legal proceedings and claims. These include litigations, arbitrations and other proceedings initiated by private parties and arising from underwriting, financial advisory, securities trading or other transactional activities, client account activities, mortgage lending and employment matters and stockholder claims. Third parties who assert claims may do so for monetary damages that are substantial, particularly relative to the Company's financial position. These proceedings and claims typically involve associated legal costs incurred by the Company in connection with defending against these matters, which could be significant. The Company has been in the past, and currently is, subject to a variety of claims and litigations arising from its former business activities and its ongoing operations, most of which it considers to be routine.

Expenses associated with investigating and defending against legal proceedings can put a strain on the Company's cash resources. In addition, any fines, penalties, or damages assessed against the Company could also impact materially the Company's liquidity. As a result of their prior business activities and ongoing operations, the Company and its subsidiaries are also subject to both routine and unscheduled regulatory examinations of their prior business activities and investigations of securities industry practices by governmental agencies and self-regulatory organizations. In recent years, securities and mortgage lending firms have been subject to increased scrutiny and regulatory enforcement activity. Regulatory investigations can result in substantial fines being imposed on the Company and/or its subsidiaries. As a result of prior business activities, the Company and its subsidiaries have received, and may receive in the future, inquiries and subpoenas from the SEC, FINRA, state regulators and other regulatory organizations. The Company does not always know the purpose behind these communications or the status or target of any related investigation. Some of these communications

have, in the past, resulted in disciplinary actions which have sometimes included monetary sanctions and citations for regulatory deficiencies. To date, none of these communications have had a material adverse effect on the Company nor does the Company believe that any pending communications are likely to have such an effect. Nevertheless, there can be no assurance that any pending or future communications will not have a material adverse effect on the Company. In addition, the Company is at risk for employment-based claims alleging discrimination, harassment, wrongful discharge or breach of an employment agreement or other contractual arrangement, among other things. Employees could seek recoupment of compensation claimed (whether for cash or forfeited equity awards), severance payments, vesting of equity awards and other damages. These claims could involve significant amounts.

The Company recognizes a liability in its financial statements with respect to legal proceedings or claims when incurrence of a loss is probable and the amount of loss is reasonably estimable. However, accurately predicting the timing and outcome of legal proceedings and claims, including the amounts of any settlements, judgments or fines, is inherently difficult insofar as it depends on obtaining all of the relevant facts (which is sometimes not feasible) and applying to them often-complex legal principles. It is reasonably possible that the Company incurs losses pertaining to these matters in the form of settlements and/or adverse judgments and incurs legal and other expenses in defending against these matters. In either case, losses and/or expenses could be different in character or amount than anticipated by management when preparing the accompanying financial statements. Based on currently available information, the Company does not believe that any current litigation, proceeding, claim or other matter to which it is a party or otherwise involved, including any associated defense costs, will have a material adverse effect on its financial position or cash flows, although an adverse development, or an increase in associated legal fees, could be material to the Company's results of operations in a particular period, depending in part on the Company's operating results in that period.

ClearPoint and Related Matters

As previously mentioned, on February 14, 2013, the Company and certain of its affiliates, including ClearPoint, entered into an Asset Purchase Agreement ("Purchase Agreement") in connection with the Homeward Transaction. The Purchase Agreement, among other things, provides for customary indemnification provisions. Pursuant to these provisions, ClearPoint established an escrow account of $5.0 million for a three-year period following the closing date (February 22, 2016). The Parent has also provided for a guaranty of ClearPoint's indemnification obligations to Homeward, up to a maximum of $7.5 million, of which $5.0 million is payable by Parent under the guaranty only in limited circumstances in which, during the three-year period following the closing date, the sums held in the escrow account are not available to satisfy indemnification claims. Any amounts paid under the guaranty will be released to the Company from the escrow account on a dollar-for-dollar basis (assuming funds are available). Indemnity claims of Homeward, if any, will be paid first from the escrow account, and then, to the extent necessary, drawn upon the guaranty.

Outstanding claims which are expected to be paid from the escrow account in satisfaction of certain claims made by Homeward include (i) losses incurred in connection with two loan repurchase requests (currently estimated to be less than $0.1 million) and (ii) reimbursements of premiums received in connection with certain loans that refinanced within 180 days following the date of purchase by Homeward (approximately $0.1 million).

In addition to the indemnification provisions related to the Homeward Transaction, in the ordinary course of business, ClearPoint also indemnified its other counterparties, against potential losses incurred by such parties including under its warehouse line agreements and loan sale agreements related to originated mortgage loans since inception (June 2008). Subsequent to the Homeward Transaction, ClearPoint paid approximately $0.1 million in satisfaction of its indemnification obligations under loan sale agreements related to losses incurred in connection with two repurchase requests from counterparties other than Homeward.

ClearPoint maintains a reserve for the previously discussed loan repurchase and indemnification claims. At December 31, 2013 and December 31, 2012 this reserve was approximately $0.4 million and $0.4 million, respectively, and is included within Accounts payable and accrued expenses in the Consolidated Statements of Financial Condition.

Share Repurchases

In February 2013, the Board of Directors renewed the Company's share repurchase program, authorizing up to $10 million in additional repurchases of Company common stock. No shares have been repurchased since the renewal of this program. This program expired on March 13, 2014 and has not been renewed.

Off-Balance Sheet Arrangements

Certain liabilities or commitments of the Company that are not recorded on the Company's Consolidated Statements of Financial Condition as of December 31, 2013 are identified or described in the "Contractual Obligations" section which follows, and within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

In addition, refer to "Risk Factors—Risks Relating to our Liquidity and Access to Capital" for additional information.

Contractual Obligations

The following table sets forth the contractual obligations which require us to make future cash payments which are described below by year:

(In thousands)	Total	2014	2015	2016	2017	2018	Thereafter	All Others
Amounts related to off-balance sheet obligations								
Employee retention agreements(1)	$ 2,752	$ 2,752	$ —	$ —	$ —	$ —	$ —	$ —
Operating leases (net of sublease rental income)(2)	43	43						
Amounts related to on-balance sheet obligations								
Restructuring—third party vendor contracts(3)	1,867	1,867	—	—	—	—	—	—
Operating leases (net of sublease rental income)(4)	586	404	182	—	—	—	—	—
Merger agreement commitment(5)	399	—	—	—	—	—	—	399
Liabilities from unrecognized tax benefits(6)	3,331	3,066	265	—	—	—	—	—
Subordinated debt(7)	409	320	63	26	—	—	—	—
Total	$ 9,387	$ 8,452	$ 510	$ 26	$ —	$ —	$ —	$ 399

(1) As a result of the Company's restructuring, the Company entered into agreements with its remaining employees designed to retain these employees through specified dates. The agreements provide for continued employment and the payment of guaranteed compensation (and other incidental benefits) contingent upon service through such specified dates. The amounts disclosed within the table above represent the portion of compensation payable subsequent to December 31, 2013 (of which $0.9 million was accrued at December 31, 2013).

(2) Represents remaining commitments under non-cancelable operating leases for office space still occupied by Company employees. Refer to item #4 below for commitments under non-cancelable operating leases for unoccupied office space.

(3) Represents the Company's remaining obligation with respect to the termination of third party vendor contracts incurred in connection with the discontinuation of its Fixed Income and Investment Banking businesses in the second quarter of 2013.

(4) Represents remaining commitments under non-cancelable operating leases for unoccupied office space. Refer to item #2 above for commitments under non-cancelable operating leases for office space still occupied by Company employees.

(5) In connection with the acquisition of Gleacher Partners Inc., the Company agreed to pay $10 million to the selling parties five years after closing the Transaction, subject to acceleration in certain circumstances. During the year ended December 31, 2013 and 2012, the Company paid $0.2 million and $4.4 million of this obligation, respectively ($4.9 million was paid during the year ended December 31, 2010). The remaining $0.4 million is recorded within the Company's Consolidated Statements of Financial Condition contained in Item 8 of this Annual Report on Form 10-K.

(6) At December 31, 2013, the Company had a reserve for unrecognized tax benefits including related interest of $3.3 million. We currently anticipate that total unrecognized tax benefits will decrease by up to $3.1 million in the next twelve months.

(7) A group of management and highly compensated employees were eligible to participate in the Key Employee Plan. The employees entered into subordinated loans with Gleacher Securities to provide for the deferral of compensation and employer allocations under the Key Employee Plan. Maturities of the subordinated debt were based on the distribution election made by each participant, which may be deferred to a later date by the participant. The Company no longer permits any new amounts to be deferred under the Key Employee Plan.

Critical Accounting Policies

The following is a summary of the Company's critical accounting policies, prepared on a going concern basis. For a full description of these and other accounting policies, refer to Note 1 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K.

As previously mentioned, the Company's Board of Directors approved a dissolution and liquidation of the Company, subject to stockholder approval. If the plan of dissolution and liquidation is approved by Company stockholders at the Company's 2014 Annual Stockholders Meeting, currently scheduled for May 29, 2014, the Company would then prospectively prepare its financial statements on a liquidation basis of accounting. Refer to "Recent Accounting Pronouncements (ASU 2013-07)" herein, for a summary of principles for recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting.

Preparing financial statements in accordance with GAAP requires management to make estimates and assumptions. Due to their nature, estimates and assumptions involve judgments, which management makes based upon available information. In making these judgments, there is often a range of reasonable estimates or assumptions that could, appropriately, be made under GAAP. The estimates and assumptions chosen by management affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results or amounts could differ from estimates and judgments, and the difference could be material. Therefore, understanding these policies, and estimates and assumptions they require, is important in understanding the reported results of operations and the financial position of the Company.

The Company believes that accounting for the topics listed below requires the greatest amount of, and therefore is most sensitive to, estimates and assumptions made by management:

- contingencies,
- valuation,
- income taxes, and
- stock-based compensation.

Contingencies

The Company is subject to contingencies, including judicial, regulatory and arbitration proceedings, tax, stockholder claims, former employee claims and other claims. The Company will recognize a liability related to legal and other claims in Accrued expenses within the Consolidated Statements of Financial Condition contained in Item 8 of this Annual Report on Form 10-K when incurrence of a loss is probable and the amount of the loss is reasonably estimable. The determination of these amounts requires significant judgment on the part of management. Management considers many factors including, but not limited to the amount of the claim; the amount of the loss, if any, incurred by the

other party; the basis and validity of the claim; the possibility of wrongdoing on the part of the Company; likely insurance coverage (to the extent collection is probable); previous results in similar cases; and legal precedents and case law. Pending legal proceedings and potential claims are reviewed with counsel in each accounting period and the reserve, if any, is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded in the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K, and is recognized as a charge/credit to earnings in that period. The assumptions of management in determining the estimates of reserves may prove to be incorrect, which could materially affect results in the period the claims are ultimately resolved.

In addition, the Company has made claims against certain third parties for monetary damages. Recoveries, if any, made as a result of these claims could be material, although there can be no assurance that the Company will prevail in its claims or that any recoveries will be made. The Company would recognize any such recoveries once realized. In connection with these matters, the Company has, and may continued to, incur substantial expenses, including legal fees, in pursuing these claims.

Valuation—Investments

Unrealized gains and losses from valuing investments at fair value, as determined by management (including the Company's investment in FATV), are included as revenues from investment gains/(losses). For the Company's investment in FATV, which includes holdings in illiquid and privately held securities that do not have readily determinable fair values, the general partner applies certain valuation techniques, including consideration of comparable market transactions and the use of valuation models to determine the discounted value of estimated future cash flows, adjusted as appropriate for market and/or other risk factors. Refer to Note 8 and Note 10 within the footnotes to the consolidated financial statements contained within Item 8 of this Annual Report on Form 10-K for additional information.

Income Taxes

Significant judgment is required in determining whether a valuation allowance should be provided against the Company's deferred tax assets ("DTAs"), which is provided when it is more likely than not that such DTAs will not be realized. In assessing the need for a valuation allowance, the Company considers both the positive and negative evidence related to the likelihood of realization of the DTAs. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence can be objectively verified. GAAP states that a cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome in determining that a valuation allowance is not needed against DTAs. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

During the second quarter of 2012, the Company entered into a three-year cumulative loss position. This cumulative loss position, along with other evidence, merited the establishment of a valuation allowance against the deferred tax assets. As of December 31, 2013, the Company carried a valuation allowance of $76.3 million. A sustained period of profitability is required before the Company would change its judgment regarding the need for a valuation allowance against its net deferred tax assets.

In addition, the Company's pre-tax NOL at December 31, 2013 is estimated to be approximately $159 million (or $73.0 million tax-effected). In the event that the Company experiences an ownership change under Internal Revenue Code Section 382, the Company's NOLs would be fully impaired (reduced nearly to zero). Absent and ownership change, including in the event of a dissolution, the Company's NOLs would be available to offset any income it may recognize, if any.

Stock-Based Compensation

The cost of employee services received in exchange for a stock-based compensation award is measured based upon the grant-date fair value of the award. Option grants to employees include judgments with respect to inputs utilized to calculate grant date fair value, including volatility, expected term and related discount rate assumptions. Compensation expense for awards that contain performance conditions are recognized when it becomes probable that such performance conditions will be met. Awards that do not require future service are expensed immediately. Such awards that require future service are amortized over the relevant service period on a straight-line basis. Expected forfeitures are included in determining stock-based employee compensation expense.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11 "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). Current GAAP does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The objective of ASU 2013-11 is to eliminate diversity in practice. ASU 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes would result from the disallowance of tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not expect the adoption of ASU 2013-11 to have a material impact on the Company's consolidated financial statements.

In April 2013, the FASB issued ASU No. 2013-07 "Presentation of Financial Statements (Topic 205)" ("ASU 2013-07"). The objective of ASU 2013-07 is to clarify when an entity should apply the liquidation basis of accounting. In addition, the guidance provides principles for recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. ASU 2013-07 requires an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is imminent when the likelihood is remote that the entity will return from liquidation and either (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy). ASU 2013-07 requires financial statements prepared using the liquidation basis of accounting to present relevant information about the entity's expected resources in liquidation by measuring and presenting assets at the amount of the expected cash proceeds from liquidation. The entity should include in its presentation of assets any items it had not previously recognized under GAAP but that it expects to either sell in liquidation or use in settling liabilities. An entity should recognize and measure its liabilities in accordance with GAAP that otherwise applies to those liabilities. The entity should not anticipate that it will be legally released from being the primary obligor under those liabilities, either judicially or by creditor(s). The entity is also required to accrue and separately present the costs that it expects to incur and the income it expects to earn during the expected duration of the liquidation, including any costs associated with sale or settlement of those assets and liabilities. ASU 2013-07 also requires disclosure about an entity's plan for liquidation, the methods and significant assumptions used to measure assets and liabilities, the

type and amount of costs and income accrued, and the expected duration of the liquidation process. This guidance is effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted. The adoption of ASU 2013-07 did not affect the Company's financial statements, as liquidation is not imminent. Refer to Note 1 within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K for additional information.

In February 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-02 "Other Comprehensive Income—Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"). The objective of ASU 2013-02 is to improve the reporting of reclassifications out of accumulated other comprehensive income. This ASU seeks to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. This guidance is effective prospectively for reporting periods beginning after December 15, 2012. ASU 2013-02 is not applicable to the Company as it has no items reported as other comprehensive income.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company's exposure to market risk has been substantially reduced in connection with the discontinuation of ClearPoint's operations in the first quarter of 2013 and the exit from its Fixed Income businesses during the three months ended June 30, 2013.

Market Risk—Equity Price Risk

The Company is exposed to equity price risk to the extent it holds investments in equity securities. Equity price risk results from changes in the level or volatility of equity prices, which affect the value of equity securities or instruments that derive their value from equity securities.

The Company's principal exposure to equity price risk relates to its investment in F.A. Technology Ventures L.P. ("FATV"). At December 31, 2013 and December 31, 2012the fair market value of FATV was approximately $17.6 million and $17.1 million, respectively. Equity price risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in equity security prices or valuations of the underlying portfolio companies. This risk measure for the Company's investment in FATV amounted to $1.8 million at December 31, 2013 and $1.7 million at December 31, 2012. Equity prices may decrease more than the amount assumed above, and consequently, the actual change in fair value may exceed the change computed above. Refer to Note 8 within the footnotes to the consolidated financial statements contained within Item 8 of this Annual Report on Form 10-K for additional information.

Liquidity Risk

Refer to "Risk Factors—Risks Relating to our Liquidity and Access to Capital" contained in Part I, Item 1A ofhis Annual Report on Form 10-K and "Liquidity and Capital Resources" contained in Part II, Item 7 of this Annual Report on Form 10-K for additional information.

ClearPoint Risks

As previously mentioned, the Company engaged in residential mortgage lending operations through ClearPoint until this business was discontinued, and the business sold to Homeward in

February 2013. In connection with the Homeward transaction, the Company and certain of its affiliates, including ClearPoint, entered into a Purchase Agreement, which among other things, provides for customary indemnification provisions. Pursuant to these provisions, ClearPoint established an escrow account of $5.0 million for a three-year period following the closing date (February 22, 2016). The Parent also provided for a guaranty of ClearPoint's indemnification obligations to Homeward, up to a maximum of $7.5 million, of which $5.0 million is payable by Parent under the guaranty only in limited circumstances in which, during the three year-period following the closing date, the sums held in the escrow account are not available to satisfy indemnification claims.

In addition to the indemnification provisions related to the Homeward Transaction, in the ordinary course of business, ClearPoint also indemnified its other counterparties, against potential losses incurred by such parties including under its warehouse line agreements and loan sale agreements related to originated mortgage loans since the inception (June 2008). ClearPoint maintains a reserve for these loan repurchase and indemnification claims, which at December 31, 2013 and 2012 was $0.4 million and $0.4 million, respectively.

Refer to Note 17 "Commitments and Contingencies" within the footnotes to the consolidated financial statements contained in Item 8 of this Annual Report on Form 10-K for additional information.

Other Risks

In the normal course of its prior business activities, the Company provided guarantees to third parties with respect to the obligations of certain of its subsidiaries. The majority of these arrangements, discussed below, are connected to the sales and trading activities of the Company's prior MBS & Rates and Credit Products divisions, the activities of which were discontinued in the second quarter of 2013.

In the normal course of business, Gleacher Securities indemnified certain service providers, such as clearing and custody agents, trustees, and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. Gleacher Securities also indemnified some clients against potential losses incurred in the event of non-performance by specified third-party service providers, including sub-custodians. The maximum potential amount of future payments that Gleacher Securities could be required to make under these indemnifications cannot be estimated. However, Gleacher Securities has historically made no material payments under these arrangements and believes that it is unlikely it will have to make material payments in the future. Therefore, the Company has not recorded any contingent liability in the consolidated financial statements, contained in Item 8 of this Annual Report on Form 10-K, for these indemnifications.

The Company provided representations and warranties to counterparties in connection with a variety of transactions and occasionally agreed to indemnify them against potential losses caused by the breach of those representations and warranties and occasionally other liabilities. The maximum potential amount of future payments that the Company could be required under these indemnifications cannot be estimated. However, the Company has historically made no material payments under these agreements and believes that it is unlikely it will have to make material payments in the future; therefore it has not recorded any contingent liability in the consolidated financial statements, contained in Item 8 of this Annual Report on Form 10-K, for these indemnifications.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Gleacher & Company, Inc.:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Gleacher & Company, Inc. and its subsidiaries at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Board has determined that it is in the best interests of the Company's stockholders for the Company to dissolve, liquidate and distribute to stockholders its available assets. The Company's dissolution is subject to stockholder approval. These factors, further described in Note 1 to the Financial Statements, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

New York, NY
March 17, 2014

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of dollars, except for per share amounts)

	Years ended December 31,		
	2013	2012	2011
Revenues			
Investment gains, net	$ 1,267	$ 1,233	$ 2,996
Fees and other	666	849	1,066
Total revenue	1,933	2,082	4,062
Expenses			
Compensation and benefits	9,098	13,053	12,017
Professional fees	11,184	9,643	4,503
Settlement of arbitration and other claims (Refer to Note 17)	3,146	—	—
Communications and data processing	1,181	1,935	2,105
Occupancy, depreciation and amortization	1,349	1,577	1,346
Other	3,584	2,880	3,262
Total expenses	29,542	29,088	23,233
Loss from continuing operations before income taxes and discontinued operations	(27,609)	(27,006)	(19,171)
Income tax (benefit)/expense	(1,082)	22,940	(7,422)
Loss from continuing operations	(26,527)	(49,946)	(11,749)
Loss from discontinued operations, net of taxes (Refer to Note 22)	(73,005)	(27,744)	(70,375)
Net loss	$ (99,532)	$ (77,690)	$ (82,124)
Per share data:			
Basic loss per share:			
Continuing operations	$ (4.33)	$ (8.40)	$ (1.90)
Discontinued operations	(11.93)	(4.66)	(11.40)
Net loss per share	$ (16.26)	$ (13.06)	$ (13.30)
Diluted loss per share:			
Continuing operations	$ (4.33)	$ (8.40)	$ (1.90)
Discontinued operations	(11.93)	(4.66)	(11.40)
Net loss per share	$ (16.26)	$ (13.06)	$ (13.30)
Weighted average shares of common stock:			
Basic	6,120	5,949	6,172
Diluted	6,120	5,949	6,172

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands of dollars, except for share and per share amounts)

	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 51,353	$ 44,868
Cash and securities segregated for regulatory and other purposes	6,000	13,000
Receivables from:		
Brokers, dealers and clearing organizations	9,173	12,824
Related parties	856	1,474
Others	908	12,563
Financial instruments owned, at fair value (includes financial instruments pledged of $0 and $1,095,431 at December 31, 2013 and 2012,respectively)	664	1,096,181
Investments	18,889	20,478
Office equipment and leasehold improvements, net	115	5,311
Goodwill	—	1,212
Intangible assets	—	5,303
Income taxes receivable	4,116	7,062
Other assets	3,890	9,030
Total Assets	$ 95,964	$ 1,229,306
Liabilities and Stockholders' Equity		
Liabilities		
Payables to:		
Brokers, dealers and clearing organizations	$ —	$ 638,009
Related parties	475	2,944
Others	1,868	2,251
Securities sold under agreements to repurchase	—	159,386
Securities sold, but not yet purchased, at fair value	—	132,730
Secured borrowings	—	64,908
Restructuring reserve	2,491	108
Accrued compensation	1,907	34,199
Accounts payable and accrued expenses	1,629	9,426
Income taxes payable	3,331	3,755
Subordinated debt	409	595
Total Liabilities	12,110	1,048,311
Commitments and Contingencies (Refer to Note 17)		
Stockholders' Equity		
Common stock; $.01 par value; authorized 10,000,000 shares, issued 6,688,387 and 6,688,387 shares; and outstanding 6,174,990 and 6,221,959 shares, at December 31, 2013 and 2012, respectively	1,337	1,337
Additional paid-in capital	455,910	453,938
Deferred compensation	101	124
Accumulated deficit	(363,109)	(263,577)
Treasury stock, at cost (513,397 shares and 466,428 shares, at December 31, 2013 and December 31, 2012, respectively)	(10,385)	(10,827)
Total Stockholders' Equity	83,854	180,995

Total Stockholders' Equity	83,854	180,995
Total Liabilities and Stockholders' Equity	$ 95,964	$ 1,229,306

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2013, 2012 and 2011

	Common Stock		Additional		Treasury Stock			Total
(In thousands, except for number of shares)	Shares	Amount	Paid-In Capital	Accumulated Deficit	Shares	Amount	Deferred Compensation	Stockholders' Equity
Balance December 31, 2010	6,572,879	$ 1,315	$ 449,754	$ (103,763)	(32,386)	$ (1,423)	$ 276	$ 346,159
Issuance of common stock for stock-based compensation	112,860	22	(22)	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(596,776)	(18,898)	—	(18,898)
Common stock issued for grants of restricted stock								
Amortization of stock-based compensation	—	—	15,074	—	—	—	—	15,074
Reclassification of prior year liability classified stock-based compensation upon issuance of awards	—	—	12,446	—	—	—	—	12,446
Net tax benefits/(shortfalls) related to stock-based compensation	—	—	(5,480)	—	—	—	—	(5,480)
Issuance of treasury stock for restricted stock grants, restricted stock unit settlements and option exercises	—	—	(4,763)	—	120,072	4,763	—	—
Forfeitures of restricted stock	—	—	1,514	—	(52,760)	(1,514)	—	—
Shares withheld for minimum withholding taxes for vested restricted stock, restricted stock units and options exercises	—	—	(4,907)	—	(80,656)	(2,694)	—	(7,601)
Payment of expenses to purchase treasury stock	—	—	—	—	—	(257)	—	(257)
Distributions of deferred compensation related to the employee stock trust	—	—	77	—	947	38	(115)	—
Other	—	—	(196)	—	—	—	—	(196)
Net loss	—	—	—	(82,124)	—	—	—	(82,124)
Balance December 31, 2011	6,685,739	$ 1,337	$ 463,497	$ (185,887)	(641,559)	$ (19,985)	$ 161	$ 259,123
Purchases of treasury stock	—	—	—	—	(66,470)	(1,151)	—	(1,151)
Amortization of stock-based compensation	—	—	6,800	—	—	—	—	6,800
Net tax benefits/(shortfalls) related to stock-based compensation	—	—	(377)	—	—	—	—	(377)
Issuance of treasury stock for restricted stock grants, restricted stock unit settlements and option exercises	—	—	(15,856)	—	524,088	15,856	—	—
Forfeitures of restricted stock	—	—	4,199	—	(236,429)	(4,199)	—	—
Clawback of certain stock-based compensation grants subject to non-competition provisions	—	—	(2,630)	—	—	—	—	(2,630)
Shares withheld for minimum withholding taxes for vested restricted stock, restricted stock units and options exercises	—	—	(1,695)	—	(46,270)	(1,310)	—	(3,005)
Payment of expenses to purchase treasury stock	—	—	—	—	—	(75)	—	(75)
Distributions of deferred compensation related to the employee stock trust	—	—	—	—	212	37	(37)	—
Other	2,648	—	—	—	—	—	—	—
Net loss	—	—	—	(77,690)	—	—	—	(77,690)
Balance December 31, 2012	6,688,387	$ 1,337	$ 453,938	$ (263,577)	(466,428)	$ (10,827)	$ 124	$ 180,995

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)

For the Years Ended December 31, 2013, 2012 and 2011

	Common Stock		Additional		Treasury Stock			Total
(In thousands, except for number of shares)	Shares	Amount	Paid-In Capital	Accumulated Deficit	Shares	Amount	Deferred Compensation	Stockholders' Equity
Balance December 31, 2012	6,688,387	$ 1,337	$ 453,938	$ (263,577)	(466,428)	$ (10,827)	$ 124	$ 180,995
Amortization of stock-based compensation	—	—	5,592	—	—	—	—	5,592
Issuance of treasury stock for restricted stock grants and restricted stock unit settlements	—	—	(3,324)	—	157,174	3,324	—	—
Forfeitures of restricted stock	—	—	1,731	—	(123,450)	(1,731)	—	—
Clawback of certain stock-based compensation grants subject to non-competition provisions	—	—	(577)	—	—	—	—	(577)
Shares withheld for minimum withholding taxes for vested restricted stock, restricted stock units and options exercises	—	—	(1,450)	—	(80,840)	(1,174)	—	(2,624)
Distributions of deferred compensation related to the employee stock trust	—	—	—	—	147	23	(23)	—
Net loss	—	—	—	(99,532)	—	—	—	(99,532)
Balance December 31, 2013	6,688,387	$ 1,337	$ 455,910	$ (363,109)	(513,397)	$ (10,385)	$ 101	$ 83,854

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	For the years ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net loss	$ (99,532)	$ (77,690)	$ (82,124)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Impairment of fixed assets and leasehold improvements—restructuring	4,006	—	—
Amortization of stock-based compensation	5,592	6,800	15,074
Impairment of goodwill and intangible assets	3,907	21,096	94,555
Investment gains, net	(1,267)	(1,233)	(2,996)
Clawback of stock-based compensation awards subject to non-competition provisions	(577)	(2,630)	—
Bad debts reserve—loan receivable	400	—	—
Depreciation and amortization	699	1,882	1,936
Amortization of intangible assets	196	538	2,099
Gain from bargain purchase—ClearPoint Funding, Inc. acquisition	—	—	(2,330)
Loss from disposal of office equipment and leasehold improvements	—	—	316
Deferred income taxes	—	29,144	1,394
Changes in operating assets and liabilities:			
Cash and securities segregated for regulatory purposes	7,000	(3,388)	(9,512)
Securities purchased under agreements to resell	—	1,523,227	(1,436,743)
Receivable/payable from/to related parties, net	17	—	861
Receivable from others, net	10,872	2,712	4,019
Financial instruments owned, at fair value	1,096,462	458,479	(226,574)
Income taxes receivable/payable, net	3,557	4,099	(2,526)
Other assets	5,243	707	2,482
Payable to brokers, dealers, and clearing organizations, net	(634,358)	(424,703)	(25,831)
Securities sold, but not yet purchased, at fair value	(132,730)	(52,266)	72,348
Securities sold under agreements to repurchase	(159,386)	(1,318,695)	1,478,081
Restructuring reserve (gross payments of $38.1 million, Refer to Note 21)	2,383	—	—
Accounts payable and accrued expenses	(8,234)	(8,893)	5,868
Accrued compensation	(32,292)	7,925	(35,853)
Drafts payable	105	(2)	(847)
Net cash provided by/(used in) operating activities	72,063	167,109	(146,303)
Cash flows from investing activities:			
Purchases of office equipment and leasehold improvements	(11)	(458)	(2,230)
Payment to former stockholders of Gleacher Partners, Inc. (Refer to Note 24)	(195)	(4,373)	—
Purchase of investments	(946)	(950)	(1,462)
ClearPoint sale—net payment to Homeward Residential, Inc.	(510)	—	—
ClearPoint acquisition—net cash acquired	—	—	626
Return of capital—investments	3,802	—	3,385
Net cash provided by/(used in) investing activities	2,140	(5,781)	319
Cash flows from financing activities:			
Proceeds from secured borrowings	185,381	1,492,063	1,645,217
Repayments of secured borrowings	(250,289)	(1,640,766)	(1,475,945)
Purchases of treasury stock	—	(1,151)	(18,898)
Payments for employee tax withholding on stock-based compensation	(2,624)	(3,005)	(7,601)
Excess tax benefits related to stock-based compensation	—	8	239
Payment of expenses to purchase treasury stock	—	(75)	(257)
Repayment of subordinated debt	(186)	(206)	(108)
Net cash (used in)/provided by financing activities	$ (67,718)	$ (153,132)	$ 142,647
Increase/(decrease) in cash and cash equivalents	$ 6,485	$ 8,196	$ (3,337)
Cash and cash equivalents at beginning of the year	44,868	36,672	40,009
Cash and cash equivalents at the end of the year	$ 51,353	$ 44,868	$ 36,672
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Cash paid during the year for:			
Income taxes	$ 78	$ 382	$ 735
Interest	$ 1,898	$ 12,827	$ 11,174

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(In thousands of dollars)

NON CASH INVESTING AND FINANCING ACTIVITIES

During the years ended December 31, 2013, 2012 and 2011, the Company issued shares of treasury stock, net of forfeitures, of approximately 33,724, 287,659 and 67,312 shares respectively, for stock-based compensation exercises and vesting and distributions of deferred compensation related to the employee stock trust.

During the years ended December 31, 2013, 2012 and 2011, the Company issued approximately zero, 2,722 and 112,860 shares of common stock for settlement of stock-based compensation awards.

The accompanying notes are an integral part of these consolidated financial statements.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation

Gleacher & Company, Inc. (the "Parent" and together with its subsidiaries, "Gleacher" or the "Company") is incorporated under the laws of the State of Delaware. The Company's common stock is traded on The NASDAQ Global Market ("NASDAQ") under the symbol "GLCH."

The Company recently announced that, after an extensive evaluation of other alternatives, its Board of Directors has determined that it is in the best interests of the Company's stockholders that the Company dissolve, liquidate and distribute to stockholders its available assets.

Planned Dissolution and Liquidation

As previously announced, the Company has been engaged in a lengthy and intensive evaluation of potential strategic alternatives in order to preserve and maximize stockholder value. Those potential alternatives included (i) pursuing a strategic transaction with a third party, such as a merger or sale of the Company; (ii) the reinvestment of the Company's liquid assets in favorable opportunities; and (iii) dissolving the Company, winding down its remaining operations and distributing its net assets to its stockholders, after making appropriate reserves for liabilities and expenses. The Board of Directors and the Company, together with its external advisors, devoted substantial time and effort in seeking, identifying and pursuing opportunities and other alternatives to enhance stockholder value; however, that process had not at that time yielded any opportunities transaction viewed by the Board as reasonably likely to provide greater realizable value to stockholders than the complete dissolution and liquidation of the Company.

The Company's dissolution was unanimously approved by the Board of Directors on March 12, 2014, but is subject to stockholder approval. The Company intends to present this proposal to its stockholders of record as of April 21, 2014 at the Company's 2014 Annual Stockholders Meeting (the "2014 Annual Meeting"), currently scheduled for May 29, 2014. The Company will file prescribed proxy materials with the Securities and Exchange Commission in advance of that meeting. In connection with the dissolution, the Company intends to distribute to its stockholders all available cash other than as may be required to pay expenses and pay or make reasonable provision for known and potential claims and obligations of the Company, as required by applicable law. The Board of Directors' decision contemplates an orderly wind down of the Company's remaining business and operations, including the dissolution and winding-up of subsidiaries. If approved by the Company's stockholders, the Company intends to file a certificate of dissolution, pay, satisfy, resolve or make reasonable provisions for claims and obligations as well as anticipated costs associated with the Company's dissolution and liquidation, and seek to convert its remaining assets into cash or cash equivalents as soon as reasonable, practicable and financially prudent.

Until such time, if any, as the stockholders approve the Company's dissolution, and the Board of Directors decides, and instructs management, to proceed with a dissolution, the Company will continue to investigate and consider any feasible, alternative, value-creating transactions of which it becomes aware. If prior to its dissolution, the Company receives an offer for a transaction that, in the view of the Board, would be expected to provide superior value to stockholders than the value of the currently estimated distributions, taking into account factors that could affect valuation, including timing and certainty of payment or closing, proposed terms and other factors, the dissolution could be abandoned in favor of such a transaction, even if dissolution has been previously approved by the Company's stockholders.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Discontinuation of Operations and Appointment of Capstone Advisory Group, LLC

The Company has no meaningful revenue-producing operations. In the first quarter of 2013, the Company operated an investment banking business, predominately fixed-income sales and trading and financial advisory services, through three principal business units: Investment Banking, MBS & Rates and Credit Products. The Company also engaged in residential mortgage lending operations through its subsidiary ClearPoint Funding, Inc. ("ClearPoint").

During the second quarter of 2013, the Company's Board of Directors approved plans to discontinue operations in its MBS & Rates (including RangeMark Financial Services ("RangeMark")) and Credit Products divisions (together, "Fixed Income" or the "Fixed Income businesses") as well as, later in the quarter, its Investment Banking division. Exiting these businesses impacted approximately 150 employees. The ClearPoint business was discontinued, and the business sold to Homeward Residential, Inc. ("Homeward") in February 2013 (the "Homeward Transaction"). In addition, in the third quarter of 2011, the Company exited the Equities business. Exiting the Equities business impacted 62 employees. As of March 17, 2014, the Company had 13 employees.

On May 31, 2013, the Board of Directors appointed Christopher J. Kearns of Capstone Advisory Group, LLC ("Capstone") as the Company's Chief Restructuring Officer and Chief Executive Officer. The Company also entered into an agreement with Capstone and Mr. Kearns, pursuant to which Capstone was engaged to provide number of services to the Company, including (i) evaluating and implementing, subject to the approval of the Company's Board of Directors, the chosen course of action to preserve asset value and maximize recoveries to stockholders under the circumstances; (ii) overseeing the operations of the Company through execution of the selected course of action; (iii) ascertaining personnel and potential funding required and taking key steps to effectuate the selected course of action; and (iv) soliciting and evaluating expressions of interest in certain assets of the Company and effectuating such sales where appropriate and practical under the circumstances.

Going Concern and Basis of Presentation

As noted above, the Company's Board of Directors approved a dissolution and liquidation of the Company, subject to stockholder approval. In connection with this intention, the Company intends to distribute to its stockholders all available cash other than as may be required to pay or make reasonable provision for known and potential claims and obligations of the Company. The Board of Directors' decision also contemplates a further, orderly wind down of the Company's business and operations and, if approved by the Company's stockholders, the filing of a certificate of dissolution, among other matters. All of these factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Accounting principles generally accepted in the United States of America ("GAAP") requires financial statements to be prepared on a going concern basis. A liquidation basis of accounting is only appropriate to the extent liquidation is imminent. In order to meet this criteria, among other factors, the plan for dissolving the Company, which would be followed by liquidation must be approved by the person or persons with the authority to make such a plan effective, which in this instance, is the Company's stockholders. If the plan of dissolution is approved by Company stockholders at the Company's 2014 Annual Stockholders Meeting, currently scheduled for May 29, 2014, the Company would then prospectively prepare its financial statements on a liquidation basis of accounting. The

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Company's accompanying financial statements have been prepared on a going concern basis as liquidation currently is not imminent.

The consolidated financial statements include the accounts of Gleacher & Company, Inc. and all other entities in which it has a controlling financial interest. All significant inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates

These consolidated financial statements have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Policies—Continuing Operations

Cash and Cash Equivalents

The Company has defined cash equivalents as highly liquid investments, with original maturities of less than 90 days that are not segregated for regulatory purposes or held for sale in the ordinary course of business.

Financial Instruments Owned (including legacy deferred compensation assets) & Investments

The Company's financial instruments owned are equity securities primarily associated with legacy deferred compensation plans provided by the Company. These financial instruments are recorded on their trade date and accounted for at fair value, which is the price that would be received upon the sale of an asset or paid upon transfer of a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Changes in fair value of these assets are recorded within compensation expense, offset by corresponding changes in the associated deferred compensation liability.

Changes in the carrying value of the Company's investments, including the Company's investment FA Technology Ventures, L.P. ("FATV" or the "Partnership") and other investments in privately held companies, are recorded within investment gains/(losses), net.

Office Equipment and Leasehold Improvements

Office equipment is stated at cost less accumulated depreciation and is tested for impairment at the time of a triggering event, if one were to occur. Depreciation is provided on a straight-line basis over the estimated useful life of the asset (generally 2 to 5 years). Leasehold improvements are stated at cost less accumulated amortization and are amortized on a straight-line basis over the initial term of the lease.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Fees and Other Revenues

Other revenues are recognized when the services have been performed and collection is reasonably assured. Other revenues also include revenues related to the clawback of certain stock-based compensation grants subject to non-competition provisions.

Stock-Based Compensation

The cost of employee services received in exchange for a stock-based compensation award is measured based upon the grant-date fair value of the award. Awards that do not require future service are expensed immediately. Awards that require future service are amortized over the relevant service period on a straight-line basis. Expected forfeitures are included in determining stock-based employee compensation expense.

Contingencies

The Company is subject to contingencies, including judicial, regulatory and arbitration proceedings, tax, stockholder claims, former employee claims and other claims. The Company will recognize a liability related to legal and other claims in Accrued expenses within the Consolidated Statements of Financial Condition when incurrence of a loss is probable and the amount of the loss is reasonably estimable. The determination of these amounts requires significant judgment on the part of management. Management considers many factors including, but not limited to the amount of the claim; the amount of the loss, if any, incurred by the other party; the basis and validity of the claim; the possibility of wrongdoing on the part of the Company; likely insurance coverage (to the extent collection is probable); previous results in similar cases; and legal precedents and case law. Pending legal proceedings and potential claims are reviewed with counsel in each accounting period and the reserve, if any, is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded in the consolidated financial statements and is recognized as a charge/credit to earnings in that period.

Matters giving rise to contingent gains are recognized when realized or realizable.

Income Taxes

Deferred income taxes are determined under the asset and liability method and are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates expected to apply to taxable income in the periods in which the deferred tax liability or asset is expected to be settled or realized. The effect of tax rate changes on deferred taxes is recognized in the income tax provision in the period that includes the enactment date. The Company provides a valuation allowance against deferred tax assets when it is more likely than not that such deferred tax assets ("DTAs") will not be realized.

The Company recognizes tax benefits from uncertain tax positions only when tax positions meet the minimum probability threshold, as defined by ASC 740, "Income Taxes," which is a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority. The Company recognizes interest and penalties related to income tax matters as a component of income tax.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Comprehensive Income

The Company has no components of other comprehensive income, and therefore, comprehensive income equals net income.

Accounting Policies—Discontinued Operations

Set forth below are the Company's accounting policies which were applicable to operations now discontinued (refer to "Organization and Nature of Business," above). The results of these activities are reported within discontinued operations. Refer to Note 22 herein.

Resale and Repurchase Agreements

Transactions which involved sales of securities under agreements to repurchase ("repurchase agreements") or purchases of securities under agreements to resell ("resale agreements") were presented on a net-by-counterparty basis when a legal right of offset exists and are accounted for as collateralized financing transactions and recorded at their contracted amounts plus accrued interest. The Company was required to provide securities to counterparties in order to collateralize repurchase agreements and receives securities from counterparties as collateral under resale agreements. The Company's agreements with counterparties generally contained contractual provisions allowing for additional collateral to be provided, or excess collateral returned, when necessary. The Company valued the collateral daily and retrieved or returned excess collateral from/to counterparties, when appropriate.

Securities Transactions (former Sales & Trading businesses)

Securities transactions in regular-way trades and the related profit and loss arising from such transactions were recorded on their trade date as if they had settled.

Securities owned and securities sold, but not yet purchased, were recorded at fair value, which is the price that would be received upon the sale of an asset or paid upon transfer of a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. These financial instruments were primarily comprised of holdings in fixed income securities and mortgage loans originated by ClearPoint.

Loans

The Company accounted for all of ClearPoint's originated residential mortgage loans under the fair value option ("FVO") as prescribed by Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures" ("ASC 820"). Upfront costs and fees related to the loans were immediately recognized. Fees earned were recorded within Fees and other within the Consolidated Statements of Operations. All mortgage loans were sold on a servicing-released basis pursuant to various sale contracts. These contracts included recourse provisions related to loan repurchases if certain events occur.

Mortgage loans and any related hedging instruments were recorded within Financial instruments owned and Securities sold, but not yet purchased within the Consolidated Statements of Financial Conditions. Changes in the fair value of these items are included within discontinued operations.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Goodwill and Intangible Assets

The Company amortized intangible assets over their estimated useful life, which was the period over which the assets were expected to contribute directly or indirectly to the future cash flows of the Company, and tested for impairment at the time of a triggering event, if one were to occur. Goodwill was not amortized; instead, it was reviewed on an annual basis for impairment. Goodwill may be impaired when the carrying amount of the reporting unit exceeds the implied fair value of the reporting unit. A reporting unit is defined by the Company as an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. For impairment testing purposes, goodwill had been allocated to each reporting unit based upon the goodwill derived from each specific acquisition.

The Company used a combination of the market and income approaches to determine the fair value of the reporting unit. The income approach utilized a discounted cash flow analysis based on management's projections, while the market approach derived the fair value of the reporting unit by applying market multiples of a group of selected publicly traded companies that could be used for comparison to the operating performance of the reporting unit. Goodwill and intangible assets are also tested for impairment at the time of a triggering event requiring a re-evaluation, if one were to occur.

Derivative Financial Instruments

Derivative financial instruments were recorded at fair value in the Consolidated Statements of Financial Condition and were included within Financial instruments owned and Securities sold, but not yet purchased. Derivatives entered into by the Company included purchase and sale agreements of to-be-announced securities ("TBAs"), which are forward mortgage-backed securities whose collateral remain "to be announced" until just prior to the trade settlement. The settlement of these transactions did have a material effect upon the Company's consolidated financial statements. The Company also entered into interest rate lock commitments ("IRLCs") in connection with the mortgage lending activities of ClearPoint (which have been discontinued in the year 2013 as a result of the Homeward Transaction). To a lesser extent, the Company entered into exchange traded futures and options contracts. Derivatives were primarily utilized for economic hedging and trading related purposes. Derivatives involve varying degrees of off-balance sheet risk, whereby changes in the level or volatility of interest rates, or market values of the underlying financial instruments may result in changes in the value of a particular financial instrument in excess of its carrying amount.

Principal Transactions

Principal transaction revenues were recorded on a trade date basis and primarily related to trading activities in financial instruments owned, securities sold, but not yet purchased, derivative transactions and mortgage loans originated by ClearPoint, all of which were accounted for at fair value and is included within discontinued operations.

Commission Income

Commission income was recorded on a trade-date basis as securities transactions occurred. This income was primarily comprised of commission equivalents earned on riskless principal transactions and is included within discontinued operations.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

Investment Banking

Investment banking revenues were derived from debt, equity and convertible securities offerings in which the Company acted as an underwriter or placement agent and from financial advisory services rendered in connection with client mergers, acquisitions, restructurings, recapitalizations and other strategic transactions. Investment banking revenues were recorded net of transaction-related expenses. Fees from underwriting activities were recognized in earnings when the services related to the underwriting transaction were completed under the terms of the assignment and when the income was determined and is not subject to any other contingencies. Financial advisory fees were recognized when earned, and is included within discontinued operations.

Interest Income and Expense

Interest income and expense was recorded on an accrual basis, calculated based on contractual interest rates and is included within discontinued operations.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11 "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). Current GAAP does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The objective of ASU 2013-11 is to eliminate diversity in practice. ASU 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes would result from the disallowance of tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not expect the adoption of ASU 2013-11 to have a material impact on the Company's consolidated financial statements.

In April 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-07 "Presentation of Financial Statements (Topic 205)" ("ASU 2013-07"). The objective of ASU 2013-07 is to clarify when an entity should apply the liquidation basis of accounting. In addition, the guidance provides principles for recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. ASU 2013-07 requires an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is imminent when the likelihood is remote that the entity will return from liquidation and either (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy). ASU 2013-07 requires financial statements prepared using the liquidation basis of accounting to present

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

relevant information about the entity's expected resources in liquidation by measuring and presenting assets at the amount of the expected cash proceeds from liquidation. The entity should include in its presentation of assets any items it had not previously recognized under GAAP but that it expects to either sell in liquidation or use in settling liabilities. An entity should recognize and measure its liabilities in accordance with GAAP that otherwise applies to those liabilities. The entity should not anticipate that it will be legally released from being the primary obligor under those liabilities, either judicially or by creditor(s). The entity is also required to accrue and separately present the costs that it expects to incur and the income it expects to earn during the expected duration of the liquidation, including any costs associated with sale or settlement of those assets and liabilities. ASU 2013-07 also requires disclosure about an entity's plan for liquidation, the methods and significant assumptions used to measure assets and liabilities, the type and amount of costs and income accrued, and the expected duration of the liquidation process. This guidance is effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted. The adoption of ASU 2013-07 did not affect the Company's financial statements, as liquidation is not imminent. Refer to "Organization and Nature of Business" above, for additional information.

In February 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-02 "Other Comprehensive Income—Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"). The objective of ASU 2013-02 is to improve the reporting of reclassifications out of accumulated other comprehensive income. This ASU seeks to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. This guidance is effective prospectively for reporting periods beginning after December 15, 2012. ASU 2013-02 is not applicable to the Company as it has no items reported as other comprehensive income.

Correction of an Error

During the year ended December 31, 2013, the Company determined that it had incorrectly reserved for approximately $1.9 million of principal receivable on a particular position within the Company's financial instruments owned during the prior three years ended December 31, 2012, primarily during the year ended December 31, 2011. This matter was previously disclosed within the Company's Quarterly Report on Form 10-Q dated March 31, 2013. The Company assessed this error and determined that it was not material to the previous reporting periods and is not material to the current year. Therefore, the Company has recorded this item as an out of period adjustment which is included within discontinued operations for the year ending December 31, 2013.

Reclassification

Certain amounts in prior periods have been reclassified to conform to the current year presentation with no impact to previously reported net loss or stockholders' equity. This includes the prior period results of the Investment Banking, MBS & Rates and Credit Products divisions, which are

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1. Basis of Presentation (Continued)

now being reported as discontinued operations, as well as the results of ClearPoint, which was discontinued in the first quarter of 2013. Refer to Notes 21 and 22 herein for additional information. Certain items which have previously been reported within the Company's Other segment have been reclassified as discontinued operations for the years ending December 31, as follows:

(In thousands of dollars)	2013	2012	2011
Items reclassified as discontinued operations			
Revenue			
Net interest income	$ 574	$ 5,627	$ 6,330
Gain from bargain purchase—ClearPoint acquisition	—	—	2,330
Total revenues:	574	5,627	8,660
Expenses			
Compensation expense	2,717	7,870	6,826
Professional fees	733	2,243	1,162
Occupancy expense	1,458	1,753	998
Goodwill and intangible asset impairment	—(1)	21,533	82,045
Communications and data processing	356	727	1,271
Other	488	406	526
Total expenses:	5,752	34,532	92,828
Net items reclassified to discontinued operations	$ (5,178)	$ (28,905)	$ (84,168)

(1) Impairment of intangible assets of $3.9 million for the year ended December 31, 2013, recognized in connection with the Company's exits from Investment Banking, Fixed Income and ClearPoint is recorded as restructuring expense and included within discontinued operations (Note 21 and Note 22).

Reverse Stock Split

On May 30, 2013, the Company implemented a reverse stock split of its shares of common stock at a ratio of 1-for-20. As a consequence of the reverse stock split, every 20 shares of the Company's outstanding common stock were combined into one share, without any change to the par value per share. All share and share-related information herein has been adjusted, to the extent necessary, to reflect this reverse stock split.

NOTE 2. Loss Per Common Share

The Company calculates basic and diluted (loss)/earnings per share in accordance with ASC 260, "Earnings Per Share." Basic (loss)/earnings per share is computed based upon weighted-average shares outstanding during the period. Dilutive (loss)/earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. The Company uses the treasury stock method to reflect the

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2. Loss Per Common Share (Continued)

potential dilutive effect of unvested stock awards and unexercised options. The weighted-average shares outstanding were calculated as follows:

(In thousands of shares)	2013	2012	2011
Weighted average shares for basic loss per share	6,120	5,949	6,172
Effect of dilutive common share equivalents	—	—	—
Weighted average shares and dilutive common share equivalents for dilutive loss per share	6,120	5,949	6,172

The Company was in a net loss position for the years ended December 31, 2013, 2012 and 2011 and therefore excluded approximately 330,000, 455,000 and 505,000, respectively, of shares underlying stock options and warrants, 15,000, 340,000 and 305,000, respectively, shares of restricted stock, and 3,000, 165,000 and 305,000, respectively, shares underlying restricted stock units ("RSUs") from its computation of dilutive loss per share because they were anti-dilutive.

NOTE 3. Cash and Cash Equivalents

At December 31, 2013 and 2012, cash equivalents were approximately $3.8 million and $3.1 million, respectively. Cash and cash equivalents of approximately $28.5 million and $21.8 million at December 31, 2013 and 2012, respectively, were held at one financial institution.

NOTE 4. Cash and Securities Segregated for Regulatory and Other Purposes

The Company self-cleared its trading activities in U.S. government securities (the "Rates business") and was therefore subject to the Customer Protection rules under Rule 15c3-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These activities were discontinued during the second quarter of 2013. At December 31, 2013 and December 31, 2012, the Company segregated cash of $1.0 million (for both periods) in a special reserve bank account for the exclusive benefit of customers pertaining to the previous activities of the Company's former Rates business and items related to when the Company was previously conducting self-clearing in prior years, including outstanding checks issued to customers and vendors, and other miscellaneous items.

In addition, cash and securities segregated for regulatory and other purposes at December 31, 2013 includes $5.0 million of cash deposited into an escrow account by ClearPoint in connection with the Homeward Transaction, which is required to be maintained until February 22, 2016 (the third anniversary of the closing date). Refer to Note 17 herein for additional information. Cash segregated at December 31, 2012 includes $12.0 million of cash on deposit with ClearPoint's warehouse lenders in connection with ClearPoint's loan origination activities, now discontinued.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 5. Resale and Repurchase Agreements

There were no outstanding resale and repurchase agreements at December 31, 2013. At December 31, 2012, the fair value of financial instruments held as collateral by the Company that it was permitted to deliver or repledge in connection with resale agreements was approximately $137.9 million, substantially all of which was repledged in the form of repurchase agreements at December 31, 2012.

The following table presents the gross and net information about the Company's resale and repurchase agreements that are offset in the financial statements at December 31:

		2013			2012		
(In thousands of dollars)	Collateral Type	Gross Amounts	Netting	Net Amounts	Gross Amounts	Netting	Net Amounts
Asset / Liability							
Resale agreements	U.S. government and federal agency obligations	$ —	$ —	$ —	$238,014	$(238,014)	$ —
Repurchase agreements	U.S. government and federal agency obligations	$ —	$ —	$ —	$397,400	$(238,014)	$159,386

The following tables provide detail on the maturity composition of the outstanding repurchase agreements at December 31, 2012 (there were no outstanding repurchase agreements at December 31, 2013):

	December 31, 2012					
(In thousands of dollars)	Overnight	<30 days	30-90 days	>90 days	On Demand	Total, net
Collateral Type						
U.S. government and federal agency obligations	$ 106,991	$ 50,052	$ —	$ —	$ 2,343	$ 159,386

NOTE 6. Receivables from and Payables To Brokers, Dealers, and Clearing Organizations

Amounts Receivable from and Payable to brokers, dealers and clearing organizations consisted of the following at December 31:

(In thousands)	2013	2012
Deposits with clearing organizations	$ 7,056	$ 9,566
Receivable from clearing organizations	2,117	2,001
Underwriting and syndicate fees receivable	—	1,020
Receivable for unsettled trading activities	—	237
Total receivables	$ 9,173	$ 12,824
Payable to clearing organizations	$ —	$ 638,009
Total payables	$ —	$ 638,009

Included within deposits with clearing organizations at December 31, 2013 and December 31, 2012 was a deposit with the Fixed Income Clearing Corporation ("FICC") of approximately $6.3 million and $8.8 million, respectively, related to the Company's self clearing activities associated with the former

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6. Receivables from and Payables To Brokers, Dealers, and Clearing Organizations (Continued)

Rates business. The deposits with clearing organizations will be returned to the Company in connection with the termination of its memberships with these organizations.

Payable to clearing organizations at December 31, 2012 included approximately $35.5 million of excess equity (funds that are readily available to the Company) held at the Company's principal clearing broker.

Prior to the discontinuation of the Company's Fixed Income businesses during the second quarter of 2013, securities transactions were recorded on their trade date as if they had settled. The related amounts receivable and payable for unsettled securities transactions were recorded net, by clearing organization, in Receivables from or Payables to brokers, dealers and clearing organizations in the Consolidated Statements of Financial Condition.

NOTE 7. Receivables from and Payables to Others

Amounts Receivable from or Payable to others consisted of the following at December 31:

(In thousands)	2013	2012
Loan receivable	$ 600	$ 600
Loan receivable—reserve	(400)	—
Insurance receivable	209	—
Management fees receivable	185	189
Loans and advances	126	234
Receivable from Homeward—transition services	46	—
Principal paydown—Agency mortgage-backed securities	—	5,744
Interest receivable	—	4,370
Others	142	1,426
Total receivables from others	$ 908	$ 12,563
Payable to employees for the Employee Investment Funds (Refer to Note 10)	$ 939	$ 941
Draft payables	238	133
Others	691	1,177
Total payables to others	$ 1,868	$ 2,251

The Company maintains a group of "zero balance" bank accounts which are included in Payables to others on the Consolidated Statements of Financial Condition. Drafts payable represent the balance in these accounts related to outstanding checks that have not yet been presented for payment at the bank. The Company has sufficient funds on deposit to clear these checks, and these funds will be transferred to the "zero-balance" accounts upon presentment of these checks.

NOTE 8. Financial Instruments

The Company sold substantially all of its financial instruments in connection with the discontinuation of its Fixed Income businesses in the second quarter of 2013 and the Homeward Transaction in the first quarter of 2013. The Company maintains cash equivalents and continues to hold investments, principally in FA Technology Ventures, L.P. ("FATV" or "the Partnership").

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8. Financial Instruments (Continued)

The Company's financial instruments are recorded within the Statement of Financial Condition at fair value. ASC 820 "Fair Value Measurements and Disclosures" defines fair value as the price that would be received upon the sale of an asset or paid upon the transfer of a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: Quoted prices in active markets that the Company has the ability to access at the reporting date, for identical assets or liabilities.

Level 2: Directly or indirectly observable prices in active markets for similar assets or liabilities; quoted prices for identical or similar items in markets that are not active; inputs other than quoted prices (e.g., interest rates, yield curves, credit risks, volatilities); or "market corroborated inputs."

Level 3: Unobservable inputs that reflect management's own assumptions about the assumptions market participants would make.

Prices are not adjusted for the effects, if any, of the Company holding a large block relative to the overall trading volume (referred to as a "blockage factor").

Fair Valuation Methodology

Cash Equivalents—These financial assets represent cash in banks or cash invested in highly liquid investments with original maturities of less than 90 days that are not segregated for regulatory purposes or held for sale in the ordinary course of business. These investments are valued at par, which represent fair value, and are considered Level 1 as these instruments are generally traded in active, quoted and highly liquid markets. The Company's cash equivalents were $3.8 million and $3.1 million at December 31, 2013 and December 31, 2012, respectively.

Financial Instruments Owned—The remaining financial instruments owned of approximately $0.7 million at December 31, 2013 were primaril associated with legacy deferred compensation plans provided by the Company, which are scheduled to be paid out to plan participants between 2014 and 2016. The Company has not permitted new amounts to be deferred under these plans since February 28, 2007. The assets are all Level 1 equity securities, which are traded in active, quoted and highly liquid markets.

Investments—The Company's investments consist of interests in privately held securities, the valuations of which are based predominantly on unobservable inputs and are therefore classified as Level 3. The Company's investments were $18.9 million and $20.5 million at December 31, 2013 and December 31, 2012, respectively. Refer to Note 10 herein for additional information.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8. Financial Instruments (Continued)

Investments—Quantitative Disclosure About Significant Unobservable Inputs

The Company's investments are primarily associated with the Company's limited partnership investment in FATV of approximately $17.6 million (6 privately held companies) and $17.1 million (7 privately held companies) at December 31, 2013 and December 31, 2012, respectively. Refer to Note 10 herein for additional information.

Unobservable Inputs—December 31, 2013

Valuation Technique	Unobservable Input	Range (Weighted Average)
Market comparable companies	Enterprise value/Revenue multiple	2.7x - 7.0x (5.5x)
	Discount applied to multiples	30% - 35% (30%)
Venture capital method	Enterprise value/EBITDA multiple	5.0x
	Discount applied to enterprise value	55%

Unobservable Inputs—December 31, 2012

Valuation Technique	Unobservable Input	Range (Weighted Average)
Market comparable companies	Enterprise value/Revenue multiple	4.3x - 6.7x (5.7x)
	Discount applied to multiples	25.0% - 40.0% (22.0%)

An increase in the enterprise value/revenue and EBITDA multiples would result in a higher fair value for these investments, whereas, an increase in the discounts applied would reduce fair value.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8. Financial Instruments (Continued)

The following table summarizes the categorization of the financial instruments within the fair value hierarchy including those for which the Company accounts for under the FVO at December 31, 2012 (prior to the discontinuation of the Fixed Income businesses):

	Assets at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Financial instruments owned				
Agency mortgage-backed securities	$ —	$ 903,928	$ 1,110	$ 905,038
Loans	—	77,573	—	77,573
Federal agency obligations	—	46,021	—	46,021
Corporate debt securities	—	30,246	—	30,246
Residential mortgage-backed securities	—	23,077	149	23,226
Commercial mortgage-backed securities	—	4,880	18	4,898
Preferred stock	2,439	—	—	2,439
U.S. Government obligations	1,996	100	—	2,096
Other debt obligations	—	2,074	—	2,074
Equity securities	675	—	28	703
Collateralized debt obligations	—	—	671	671
Derivatives	232	—	964	1,196
Investments	—	—	20,478	20,478
Total financial assets at fair value	$ 5,342	$ 1,087,899	$ 23,418	$ 1,116,659

	Liabilities at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Securities sold but not yet purchased				
U.S. Government obligations	$ 128,504	$ —	$ —	$ 128,504
Corporate debt securities	—	2,520	—	2,520
Equity securities	2	—	—	2
Derivatives	1,704	—	—	1,704
Total financial liabilities at fair value	$ 130,210	$ 2,520	$ —	$ 132,730

The Company reviews its financial instrument classification on a quarterly basis. As the observability and strength of valuation attributes change, the Company may reclassify certain financial assets or liabilities between levels. The Company's policy is to utilize an end-of-period convention for determining transfers in or out of Levels 1, 2 and 3. During the years ended December 31, 2013 and December 31, 2012, there were no transfers between Levels 1 and 2.

Prior to the discontinuation of the Company's Fixed Income businesses, the Company held financial instruments classified as Level 3 within the fair value hierarchy. All of these financial

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8. Financial Instruments (Continued)

instruments have been sold. The following table summarizes the changes in the Company's Level 3 financial instruments for the year ended December 31, 2013:

(In thousands of dollars)	Balance at December 31, 2012	Total gains or (losses) (realized and unrealized)	Purchases	Sales	Settlements	Transfers in and/or out of Level 3	Balance at December 31, 2013	Changes in unrealized gains/(losses) on Level 3 assets still held at the reporting date
Agency mortgage-backed securities	$ 1,110	$ (50)	$ —	$ (1,060)	$ —	$ —	$ —	$ —
Collateralized debt obligations	671	(567)	—	(104)	—	—	—	—
Residential mortgage-backed securities	149	(86)	—	(51)	(12)	—	—	—
Equities	28	(28)	—	—	—	—	—	—
Commercial mortgage-backed securities	18	(15)	—	(3)	—	—	—	—
Investments	20,478	1,267	946	—	(3,802)	—	18,889	281
Derivatives	964	—	—	—	(964)	—	—	—
Total	$ 23,418	$ 521	$ 946	$ (1,218)	$ (4,778)	$ —	$ 18,889	$ 281

The following table summarizes the changes in the Company's Level 3 financial instruments for the year ended December 31, 2012:

(In thousands)	Balance at December 31, 2011	Total gains or (losses) (realized and unrealized)	Purchases	Sales	Settlements	Transfers in and/or out of Level 3(1)	Balance at December 31, 2012	Changes in unrealized gains/(losses) on Level 3 assets still held at the reporting date
Agency mortgage-backed securities	$ 1,367	$ (350)	$ 222	$ (1,232)	$ (2)	$ 1,105	$ 1,110	$ (181)
Collateralized debt obligations	647	24	61	(61)	—	—	671	28
Residential mortgage-backed securities	18,419	(623)	303	(17,329)	(621)	—	149	14
Equities	112	(84)	—	—	—	—	28	(85)
Commercial mortgage-backed securities	38,154	(6,938)	8,393	(37,432)	(58)	(2,101)	18	$ (58)
Other debt obligations	192	—	3,784	(3,976)	—	—	—	—
Preferred stock	571	870	4,942	(6,383)	—	—	—	—
Investments	18,310	1,235	950	—	(17)	—	20,478	1,767
Derivatives	1,696	6,539	—	—	(7,271)	—	964	964
Total	$ 79,468	$ 673	$ 18,655	$ (66,413)	$ (7,969)	$ (996)	$ 23,418	$ 2,449

(1) During the year ended December 31, 2012, the Company transferred approximately $2.1 million of commercial mortgage-backed securities from Level 3 to Level 2 due to price discovery resulting from Company trading activity occurring in close proximity to the respective quarter-end. In addition, $1.1 million of agency mortgage-backed securities were transferred into Level 3 (from Level 2) due to limited price discovery at year-end.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9. Derivatives

The Company utilized derivatives for various economic hedging strategies to actively manage its market and liquidity exposures, principally in connection with the sales and trading activities of the Company's MBS & Rates division (now discontinued). In addition, ClearPoint entered into mortgage loan IRLCs in connection with its mortgage lending activities, which have been wound down in connection with the Homeward Transaction. The following table summarizes the Company's derivative instruments at December 31, 2013 and December 31, 2012:

	December 31, 2013			December 31, 2012		
(In thousands of dollars)	Number of Contracts	Notional	Fair Value	Number of Contracts	Notional	Fair Value
Purchase Contracts						
TBA purchase agreements	—	$ —	$ —	19	$ 202,646	$ 54
IRLCs	—	—	—	512	100,079	964
Total	—	$ —	$ —	531	$ 302,725	$ 1,018
Sale Contracts						
TBA sale agreements	—	$ —	$ —	27	$ 708,076	$ (1,511)
Eurodollar futures contracts	—	—	—	268	268,000	(15)
Total	—	$ —	$ —	295	$ 976,076	$ (1,526)

NOTE 10. Investments

Fair value information regarding the Company's investments is presented below at December 31:

(In thousands)	2013	2012
Investment in FATV(1)	$ 17,624	$ 17,110
Employee Investment Funds net of Company's ownership interest	1,265	1,218
Other investments	—	2,150
Total Investments	$ 18,889	$ 20,478

(1) Excludes the Company's share of carried interest in FATV of approximately $2.9 million and $1.6 million at December 31, 2013 and December 31, 2012, which is unrecognized as collection is not reasonably assured.

The Company's investment in FATV is susceptible to changes in the financial condition or prospects of the companies underlying these investments. It is expected that some or all of the assets in which FATV is invested will experience a "liquidity event" (i.e., there will be a disposition of the assets generating cash distributions to FATV's investors, including the Company), the timing of any such liquidity event is uncertain, and the value realized for any of the investment assets is similarly uncertain. If the Company attempts to sell this investment, it may result in the realization of substantially less in proceeds than if the Company monetizes its investment through the harvesting of the underlying portfolio companies.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10. Investments (Continued)

Investment gains and losses were comprised of the following for the years ended December 31:

(In thousands of dollars)	2013	2012	2011
Investment in FATV	$ 3,800	$ 1,261	$ 2,188
Employee Investment Funds	(36)	(28)	(39)
Other investments	(2,497)	—	847
Total investment gains, net	$ 1,267	$ 1,233	$ 2,996

FATV

The Company has an equity-method investment in FATV of approximately $17.6 million and $17.1 million at December 31, 2013 and December 31, 2012, respectively. FATV's primary purpose is to provide investment returns consistent with the risk of investing in venture capital. FA Technology Ventures Corporation, a wholly-owned subsidiary of the Company, is the investment advisor to FATV. There were no material open commitments to fund this portfolio at December 31, 2013. At December 31, 2013 andDecember 31, 2012, total Partnership capital for all investors in FATV equaled $77.3 million and $70.9 million, respectively. The Partnership is now scheduled to terminate on July 19, 2014. The Partnership is considered a variable interest entity. The Company is not the primary beneficiary, due to other investors' level of investment in the Partnership. Accordingly, the Company has not consolidated the Partnership in these consolidated financial statements, but has only recorded the fair value of its investment, which also represents the Company's maximum exposure to loss in the Partnership at December 31, 2013 and December 31, 2012. The Company's share of management fee income derived from the Partnership for the years ended December 31, 2013, 2012 and 2011 was $0.5 million, $0.6 million and $0.6 million, respectively.

SEC Rule 4-08(g) of Regulation S-X requires summarized financial information to be provided for equity-method investees deemed to be significant. The Company's equity-method investment in FATV has been determined to be significant as the Company's investment in FATV exceeds 10 percent of the Company's total assets at December 31, 2013. Disclosed below is the required summarized financial information of FATV.

FA Technology Ventures, L.P.—Statements of Financial Condition

(In thousands of dollars)	December 31, 2013	December 31, 2012
Assets:		
Investments at fair value	$ 75,188	$ 69,736
Cash and cash equivalents	786	1,220
Escrow receivable and other	1,352	46
Total assets	$ 77,326	$ 71,002
Liabilities:		
Accrued expenses and other liabilities	$ 57	$ 53
Partners' Capital:		
Partner's capital	77,269	70,949
Total Liabilities and Partners' Capital	$ 77,326	$ 71,002

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10. Investments (Continued)

FA Technology Ventures, L.P.—Statements of Operations

(In thousands of dollars)	For the years ending December 31, 2013	2012	2011
Revenue:			
Interest income	$ 1	$ 428	$ 37
Expenses:			
Management fees	532	576	582
Professional fees	61	57	74
Other	3	6	49
Total expenses	596	639	705
Net investment loss	(595)	(211)	(668)
Net gains on investments	19,417	7,454	11,507
Net increase in partners' capital from operations	$ 18,822	$ 7,243	$ 10,839

Employee Investment Funds

The Employee Investment Funds ("EIF") are limited liability companies established by the Company for the purpose of having select employees invest in private equity securities. The EIF is managed by Broadpoint Management Corp., a wholly-owned subsidiary of the Company, which has contracted with FATV to act as an investment advisor with respect to funds invested in parallel with the Partnership. The Company consolidated EIF resulting in approximately $1.3 million and $1.2 million of Investments, respectively, and approximately $0.9 million and $0.9 million of payables to former employees, respectively, being recorded in the Consolidated Statements of Financial Condition at December 31, 2013 and December 31, 2012, respectively. Management fees are not material.

Other Investments

Other investments of approximately $2.2 million at December 31, 2012 are investments in privately held companies that were strategically aligned with the operations of the Company conducted at the respective times of investment (the Company has ascribed no fair value to such investments at December 31, 2013). Disclosed below is a rollforward of the Company's other investments.

(In thousands of dollars)	2013	2012
Balance—January 1	$ 2,150	$ 1,200
Purchases of investments	947	950
Sales / redemptions of investments	(600)(1)	—
Losses on investments	(2,497)	—
Balance—December 31	$ —	$ 2,150

(1) The Company held an investment in a privately held newly-formed commercial mortgage origination company ("investee"), which was redeemed during the fourth quarter of 2013 at par ($0.6 million). In connection with this redemption, the investee granted the

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10. Investments (Continued)

Company warrants which are exercisable for $1, solely upon a liquidity event, as defined, and expire on November 18, 2023. To the extent that a liquidity event (as defined) were to occur, the warrants would become exercisable into a 0.4%-2.2% ownership interest in the investee. The actual ownership interest for which the warrants convert is dependent upon the certain performance hurdles being met by the investee. The Company ascribed no fair value to these warrants at December 31, 2013 as the warrants cannot be net settled and are not readily convertible to cash.

NOTE 11. Goodwill and Intangible Assets

The following table sets forth the roll-forward of goodwill for the years ending December 31, 2013 and 2012:

Goodwill

(In thousands)	Segment MBS & Rates(1)	Segment Inv. Banking(1)	Total
Goodwill			
Balance at December 31, 2011	$ 17,364	$ 3,732	$ 21,096
Impairment of goodwill	(17,364)	(3,732)	(21,096)
RangeMark acquisition	1,212	—	1,212
Balance at December 31, 2012	$ 1,212	$ —	$ 1,212
RangeMark disposition—Impairment	(1,212)	—	(1,212)
Balance at December 31, 2013	$ —	$ —	$ —

(1) Discontinued operations

On November 7, 2012, a subsidiary of the Company acquired certain assets and assumed certain liabilities from RangeMark Financial Services, Inc. and certain of its affiliates and other parties, in exchange for purchase consideration of $2.5 million, payable in four installments commencing on September 30, 2013 through March 31, 2015. This transaction resulted in the recognition of approximately $1.2 million of goodwill. In the second quarter of 2013, the Company determined that this goodwill was fully impaired as a result of the Company's exit from its Fixed Income businesses. The impairment of the RangeMark goodwill (and intangible assets) was substantially offset against the unpaid purchase consideration and therefore had an insignificant impact to the Company's results of operations during the year ended December 31, 2013.

During the second quarter of 2012, the Company performed an interim goodwill impairment test which was triggered as a result of the Company's market capitalization trading at levels significantly below book value during the three months ended June 30, 2012. The Company determined that all of its then remaining goodwill of approximately $21.1 million had been impaired, due to the duration and severity of the decline in the Company's stock price in relation to its book value.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 11. Goodwill and Intangible Assets (Continued)

Intangible Assets

(In thousands)	December 31, 2013	December 31, 2012
Intangible assets (amortizable):		
MBS & Rates segment—Customer relationships		
Gross carrying amount	$ 641	$ 641
Accumulated amortization	(476)	(463)
Impairment of intangible asset—second quarter of 2013	(165)	—
Net carrying amount	—	178
RangeMark—Intellectual Property		
Gross carrying amount	1,050	1,050
Accumulated amortization	(87)	(35)
Impairment of intangible asset—second quarter of 2013	(963)	—
Net carrying amount	—	1,015
RangeMark—Trade Name		
Gross carrying amount	480	480
Accumulated amortization	(20)	(8)
Impairment of intangible asset—second quarter of 2013	(460)	—
Net carrying amount	—	472
Credit Products segment—Customer relationships		
Gross carrying amount	795	795
Accumulated amortization	(795)	(768)
Net carrying amount	—	27
Investment Banking segment—Trade name		
Gross carrying amount	4,066	4,066
Accumulated amortization	(1,134)	(1,057)
Impairment of intangible asset—second quarter of 2013	(2,932)	—
Net carrying amount	—	3,009
ClearPoint segment—Customer relationships		
Gross carrying amount	803	803
Accumulated amortization	(216)	(201)
Impairment of intangible asset—first quarter of 2013	(587)	—
Net carrying amount	—	602
Total Intangible assets	$ —	$ 5,303

The intangible assets of the Investment Banking and Fixed Income businesses were fully impaired in connection with the Company's exit from these businesses during the second quarter of 2013. During the first quarter of 2013, the Company determined that the ClearPoint customer relationship intangible asset was fully impaired as a result of the Homeward Transaction. These impairment charges have been classified as part of discontinued operations. As previously mentioned, the impairment of the

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 11. Goodwill and Intangible Assets (Continued)

RangeMark intangible assets (and goodwill) were substantially offset against the unpaid purchase consideration and therefore had an insignificant impact to the Company's results of operations for the second quarter of 2013.

NOTE 12. Office Equipment and Leasehold Improvements

Office equipment and leasehold improvements consists of the following at December 31:

(In thousands)	2013	2012
Communications and data processing equipment	$ 279	$ 5,149
Furniture and fixtures	—	3,334
Leasehold improvements	—	1,802
Software	62	850
Total	341	11,135
Less: accumulated depreciation and amortization	(226)	(5,824)
Total office equipment and leasehold improvements, net	$ 115	$ 5,311

During the third quarter of 2013, the Company recorded a non-cash impairment charge related to office equipment and leasehold improvements of approximately $0.5 million which were abandoned in connection with the termination of its lease for its headquarters at 1290 Avenue of the Americas, New York, New York. Refer to Note 17 "Leases" herein for additional information.In addition, during the second quarter of 2013, a non-cash impairment charge of approximately $3.5 million relating to office equipment and leasehold improvements was recorded by the Company in connection with its exits from the Investment Banking and Fixed Income businesses. These charges have been recorded as restructuring expenses and are included within discontinued operations. Refer to Note 21 "Restructuring" and Note 22 "Discontinued Operations" herein for additional information.

NOTE 13. Other Assets

Other assets consist of the following at December 31:

(In thousands)	2013	2012
Prepaid expenses	$ 3,028	$ 2,761
Collateral deposits	486	5,165
Other	376	1,104
Total other assets	$ 3,890	$ 9,030

On September 27, 2013, the Company entered into an agreement terminating the lease for its headquarters at 1290 Avenue of the Americas, New York, New York. In connection with this termination, the landlord retained approximately $3.9 million previously deposited by the Company with the landlord as security under the lease. Refer to Note 17 "Leases" herein for additional information.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 14. Secured Borrowings

There are no secured borrowings at December 31, 2013. ClearPoint was extended secured mortgage warehouse lines of credit in order to fund mortgage originations. As of December 31, 2012, the outstanding borrowings under these credit facilities were approximately $64.9 million. In connection with the Homeward Transaction, the Company entered into Consent and Wind-down Agreements in favor of the lenders to these credit facilities. ClearPoint had no remaining exposure to these credit facilities as of the second quarter of 2013.

ClearPoint Held for Sale Activities, including Transition Services

In addition, in connection with the Homeward Transaction, ClearPoint agreed to provide transition services which included loan origination services in Massachusetts and Virginia. These loan origination services terminated on April 30, 2013. Homeward has indemnified ClearPoint from and against any losses suffered in connection with these activities, had provided a payment and performance guaranty of ClearPoint's obligations to the lender of this facility and was obligated to reimburse ClearPoint for the costs of providing the loan origination services.

NOTE 15. Subordinated Debt

A group of management and highly compensated employees were eligible to participate in the Company's Deferred Compensation Plan for Key Employees (the "Key Employee Plan"). The employees entered into subordinated loans with Gleacher & Company Securities, Inc. ("Gleacher Securities"), a wholly owned subsidiary, to provide for the deferral of compensation and employer allocations under the Key Employee Plan. The accounts of the participants of the Key Employee Plan are credited with earnings and/or losses based on the performance of various investment benchmarks selected by the participants. Maturities of the subordinated debt were based on the distribution election made by each participant, which may be deferred to a later date by the participant. As of February 28, 2007, the Company no longer permits new amounts to be deferred under the Key Employee Plan.

Principal debt repayments to plan participants, which occur on about April 15th of each year, are as follows:

(In thousands)	
2014	$ 320
2015	63
2016	26
Balance—December 31, 2013	$ 409

The Financial Industry Regulatory Authority ("FINRA") has approved the net capital treatment of the Company's subordinated debt agreements disclosed above. Pursuant to these approvals, these amounts are allowable in Gleacher Securities' computation of net capital.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16. Stockholders' Equity

Reverse Stock Split

On May 30, 2013, the Company implemented a reverse stock split of its shares of common stock at a ratio of 1-for-20. As a consequence of the reverse stock split, every 20 shares of the Company's outstanding common stock was combined into one share, without any change to the par value per share. As previously mentioned, all share numbers and share-related disclosures contained herein have been adjusted to the extent necessary, to give retroactive effect to the reverse stock split.

Stock Repurchase (10b-18 Plan)

On October 27, 2010, the Company announced that its Board of Directors approved a stock repurchase program whereby the Company was authorized to purchase shares of its common stock for up to $25 million, subject to the requirements of Rule 10b-18 promulgated under the Exchange Act. This program was originally scheduled to terminate on the date which the Company publicly released its results of operations for the year ending December 31, 2011 and was subsequently renewed for the fiscal year 2012. InFebruary 2013, the Board of Directors of the Company again renewed of this stock repurchase program, authorizing up to $10 million in annual repurchases of Company common stock. No repurchases were made during the year ended December 31, 2013. The program expired on March 13, 2014 and has not been renewed. For the year ended December 31, 2012 and 2011, the Company repurchased 66,470 and 266,710 shares, respectively, for approximately $1.2 million and $10.6 million, respectively, under this program.

Tender Offer

On November 22, 2011, the Company closed its modified "Dutch auction" tender offer. The Company accepted for purchase 330,066 shares of its common stock at a purchase price of $25.00 per share, or approximately $8.3 million in the aggregate. Included within the shares accepted for purchase were 30,066 additional common shares that the Company elected to purchase pursuant to its option to increase the size of the offering by 2% of the outstanding shares of common stock. The shares purchased represented 5.17% of the shares outstanding immediately prior to the consummation of the tender offer.

Registration Rights Agreement

On June 5, 2009, the Company and Eric J. Gleacher entered into a registration rights Agreement (the "Registration Rights Agreement"). The Registration Rights Agreement entitles Mr. Gleacher, subject to limited exceptions, to have his shares included in any registration statement filed by the Company in connection with a public offering solely for cash, a right often referred to as a "piggyback registration right." Mr. Gleacher also has the right to require the Company to prepare and file a shelf registration statement to permit the sale to the public from time to time of the shares of Company common stock that Mr. Gleacher received on 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. The Registration Rights Agreement may be amended with the consent of the Company and the written consent of the holders representing a majority of Company common stock that is registrable pursuant thereto.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16. Stockholders' Equity (Continued)

Deferred Compensation and Employee Stock Trust

In prior years, the Company adopted the Key Employee Plan for the benefit of a select group of highly compensated former employees. Participants could elect under this plan to have the value of their plan accounts track the performance of one or more investment benchmarks available under the plans, including the Gleacher & Company Common Stock Investment Benchmark, which tracks the performance of the Company's common stock. With respect to the Gleacher & Company Common Stock Investment Benchmark, the Company contributed its common stock to a rabbi trust (the "Trust") that it has established in connection with meeting its related liability under the plans. As of February 28, 2007, the Company no longer permits any new amounts to be deferred under its current plans.

Assets of the Trust have been consolidated with those of the Company. The value of the Company's stock at the time contributed to the Trust has been classified in Stockholders' equity and generally accounted for in a manner similar to treasury stock.

The deferred compensation arrangement requires the related liability to be settled by delivery of a fixed number of shares of Company common stock. Accordingly, the related liability is classified in equity under deferred compensation and changes in the fair market value of the amount owed to the participant in the plan is not recognized.

Dividends

No dividends have been declared or paid on our common stock in the last two years.

NOTE 17. Commitments and Contingencies

Litigations and Arbitrations

Arbitration—Thomas J. Hughes (former Chief Executive Officer) and John Griff (former Chief Operating Officer)

In August 2012, the Company adopted the Senior Management Compensation and Retention Plan ("Retention Plan") and entered into related agreements with Thomas J. Hughes, our former Chief Executive Officer, and John Griff, our former Chief Operating Officer. Under the Retention Plan, termination of employment under certain circumstances in connection with the occurrence of a Change in Control, as defined by the Retention Plan, could trigger payments to the covered executive officers. In general, a cash payment would be required following an involuntary termination of employment by the Company (or a resignation by the covered executive officer for good reason, as defined) within six months before or two years after a Change in Control.

Effective May 24, 2013, the employment of each of Thomas J. Hughes was terminated by the Company. Messrs. Hughes and Griff each participated in the Retention Plan and had entered into a related retention plan agreement with the Company. To the extent a Change in Control had occurred by November 24, 2013 (six months after the applicable dates of termination), cash payments totaling approximately $7.0 million (and other incidental benefits) would have become payable to these former employees (subject to satisfaction by the former employees of certain conditions).

Subsequent to the Company's termination of these former officers, Messrs. Hughes and Griff made a demand to the Company for benefits under the Retention Plan and their related agreements, and

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

following the Company's rejection of their demand, commenced an arbitration proceeding on September 17, 2013 before the Financial Industry Regulatory Authority ("FINRA") seeking money damages in an approximate amount of $7.9 million, vesting of unvested equity awards and other relief, all of which they claim are due as a result of their respective terminations. The Company has determined that no severance payments or other benefits based upon a "Change in Control" (as defined in the applicable agreements) are due to these former officers inasmuch as the Company has concluded that no "Change in Control" has occurred. We believe that these individuals' claims that a Change in Control has occurred are without merit. A FINRA hearing of the matter is currently expected to occur in the summer of 2014.

Pursuant to his employment agreement, in the absence of a "Change in Control," Mr. Hughes would have been entitled to a severance payment of $750,000 (not accrued at December 31, 2013), and pursuant to his Restricted Stock Award Agreement, Mr. Griff would have been entitled to vesting of 20,833 unvested shares of restricted stock, subject in each case to the execution and delivery within a specified time period (and non-revocation) of a release of claims against the Company and continued compliance with certain restrictive covenants. These conditions were not satisfied.

No amounts in respect of Messrs. Hughes' and Griff's claims have been accrued as of December 31, 2013, and we consider all unvested equity awards previously held by them to have been forfeited.

Settlement—Joseph Mannello (former employee)

On October 17, 2013, Gleacher & Company Securities, Inc. ("Gleacher Securities"), a wholly-owned subsidiary of the Company, and Mr. Joseph Mannello, a former employee, entered into a settlement and release agreement (the "Settlement") relating to compensation and other claims made by Mr. Mannello in connection with his previous employment by Gleacher Securities and its subsequent termination. Under the terms of the Settlement, Gleacher Securities paid to Mr. Mannello approximately $2.9 million and reimbursed him for legal costs in the amount of $0.6 million. In exchange, Mr. Mannello released Gleacher Securities, its Parent and affiliates from all claims that he had, has or may have and confirmed that he has forfeited any equity in the Company that was unvested as of the date of his termination.

In connection with the Settlement, the Company recorded a charge of approximately $3.2 million during the year ended December 31, 2013 which is included within Settlement of arbitration and other claims in the Consolidated Statements of Operations.

Contingent Gains

The Company has made claims against certain third parties for monetary damages. Recoveries, if any, made as a result of these claims could be material, although there can be no assurance that the Company will prevail in its claims or that any recoveries will be made. The Company would recognize any such recoveries once realized. In connection with these matters, the Company has, and may continue to, incur substantial expenses, including legal fees, in pursuing these claims.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

General

Due to the nature of the Company's prior business activities and ongoing operations, the Company and its subsidiaries have been exposed to risks associated with a variety of legal proceedings and claims. These include litigations, arbitrations and other proceedings initiated by private parties and arising from underwriting, financial advisory, securities trading or other transactional activities, client account activities, mortgage lending and employment matters, and stockholder claims. Third parties who assert claims may do so for monetary damages that are substantial, particularly relative to the Company's financial position. These proceedings and claims typically involve associated legal costs incurred by the Company in connection with defending against these matters, which could be significant. The Company has been in the past, and currently is, subject to a variety of claims and litigations arising from its former business activities and its ongoing operations, most of which it considers to be routine.

As a result of their prior business activities and ongoing operations, the Company and its subsidiaries are also subject to both routine and unscheduled regulatory examinations of their prior business activities and investigations of securities industry practices by governmental agencies and self-regulatory organizations. In recent years, securities and mortgage lending firms have been subject to increased scrutiny and regulatory enforcement activity. Regulatory investigations can result in substantial fines being imposed on the Company and/or its subsidiaries. As a result of prior business activities, the Company and its subsidiaries have received, and may in the future receive, inquiries and subpoenas from the SEC, FINRA, state regulators and other regulatory organizations. The Company does not always know the purpose behind these communications or the status or target of any related investigation. Some of these communications have, in the past, resulted in disciplinary actions which have sometimes included monetary sanctions and citations for regulatory deficiencies. To date, none of these communications have had a material adverse effect on the Company nor does the Company believe that any pending communications are likely to have such an effect. Nevertheless, there can be no assurance that any pending or future communications will not have a material adverse effect on the Company. In addition, the Company is at risk for employment-based claims alleging discrimination, harassment, wrongful discharge or breach of an employment agreement or other contractual arrangement, among other things. Employees could seek recoupment of compensation claimed to be owed (whether for cash or forfeited equity awards), severance payments, vesting of equity awards and other damages. These claims could involve significant amounts.

The Company recognizes a liability in its financial statements with respect to legal proceedings or claims when incurrence of a loss is probable and the amount of loss is reasonably estimable. However, accurately predicting the timing and outcome of legal proceedings and claims, including the amounts of any settlements, judgments or fines, is inherently difficult insofar as it depends on obtaining all of the relevant facts (which is sometimes not feasible) and applying to them often-complex legal principles. It is reasonably possible that the Company incurs losses pertaining to these matters in the form of settlements and/or adverse judgments and incurs legal and other expenses in defending against these matters. In either case, losses and/or expenses could be different in character or amount than anticipated by management when preparing the accompanying financial statements. Based on currently available information, the Company does not believe that any current litigation, proceeding, claim or other matter to which it is a party or otherwise involved, including any associated defense costs, will have a material adverse effect on its financial position, or cash flows, although an adverse development, or an increase in associated legal fees, could be material to the Company's results of operations in a particular period, depending in part on the Company's operating results in that period.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

Employment Agreements—Company's General Counsel and Secretary and its Controller

On October 18, 2013, the Company entered into key employee retention agreements (each an "Employment Agreement") with each of its General Counsel and Secretary and its Controller. These Employment Agreements supersede all prior agreements relating to matters covered in the Employment Agreements, including each of these executive's participation agreements under the Retention Plan.

The Employment Agreements cover the period beginning on January 1, 2013 and ending on November 30, 2014 and provide for guaranteed bonus compensation in the aggregate of $3,550,000 (and other incidental benefits) to these executives, subject to continuing employment and payable in accordance with a fixed schedule, which may be accelerated in certain circumstances. In connection with entering into the Employment Agreements, the Company recorded a charge of approximately $1.9 million (of which $1.0 million has been paid) during the year ended December 31, 2013. A liability of approximately $0.9 million is included within Accrued compensation within the Consolidated Statements of Financial Condition.

Other Compensation Matters

As a result of the Company's restructuring, the Company entered into agreements with the majority of its remaining employees (excluding the Company's General Counsel and its Controller, discussed above) designed to retain these employees through specified dates. The agreements provide for continued employment and the payment of guaranteed bonus compensation contingent upon continued service through such specified dates. These bonus payments totaled approximately $1.0 million in the aggregate. During the year ended December 31, 2013, the Company recognized compensation expense of $0.8 million (all of which has been paid).

Guarantees and Other Indemnifications Relating to Certain Contractual Obligations of ClearPoint

On February 14, 2013, the Company and certain of its affiliates, including ClearPoint, entered into an Asset Purchase Agreement ("Purchase Agreement") in connection with the Homeward Transaction. The Purchase Agreement, among other things, provides for customary indemnification provisions. Pursuant to these provisions, ClearPoint established an escrow account of $5.0 million for a three-year period following the closing date (February 22, 2016). The Parent has also provided for a guaranty of ClearPoint's indemnification obligations to Homeward, up to a maximum of $7.5 million, of which $5.0 million is payable by Parent under the guaranty only in limited circumstances in which, during the three-year period following the closing date, the sums held in the escrow account are not available to satisfy indemnification claims. Any amounts paid under the guaranty will be released to the Company from the escrow account on a dollar-for-dollar basis (assuming funds are available). Indemnity claims of Homeward, if any, will be paid first from the escrow account, and then, to the extent necessary, drawn upon the guaranty.

Outstanding claims which are expected to be paid from the escrow account in satisfaction of certain claims made by Homeward include (i) losses incurred in connection with two loan repurchase requests (currently estimated to be less than $0.1 million) and (ii) reimbursements of premiums received in connection with certain loans that refinanced within 180 days following the date of purchase by Homeward (approximately $0.1 million).

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

ClearPoint Loan Repurchases

In addition to the indemnification provisions related to the Homeward Transaction, in the ordinary course of business, ClearPoint also indemnified its other counterparties, against potential losses incurred by such parties including under its warehouse line agreements and loan sale agreements related to originated mortgage loans since inception (June 2008). Subsequent to the Homeward Transaction, ClearPoint paid approximately $0.1 million in satisfaction of its indemnification obligations under loan sale agreements related to losses incurred in connection with two repurchase requests from counterparties other than Homeward.

ClearPoint maintains a reserve for the previously discussed loan repurchase and indemnification claims. At December 31, 2013 and December 31, 2012 this reserve was approximately $0.4 million and $0.4 million, respectively, and is included within Accounts payable and accrued expenses in the Consolidated Statements of Financial Condition.

Leases

On September 27, 2013, as a result of its previously disclosed restructurings, the Company entered into an agreement terminating the lease for its headquarters at 1290 Avenue of the Americas, New York, New York. The lease was previously scheduled to expire on April 30, 2025 and had a remaining contractual obligation for base rent of approximately $61 million. Pursuant to this agreement, the Company surrendered a portion of the premises (the "First Premises") to the landlord on September 30, 2013 (the "First Surrender Date") and the remainder of the premises (the "Second Premises") was surrendered on or about November 14, 2013 (the "Second Surrender Date"). As of the First Surrender Date (as to the First Premises) and the Second Surrender Date (as of the Second Premises), all rights and obligations of the Company under the lease expired and terminated with the same effect as if each Surrender Date were the expiration date set forth in the lease.

The lease termination terms are set forth in the Surrender Agreement, dated September 27, 2013 (the "Surrender Agreement"), between the Company and the landlord. The Company's total termination obligation under the Surrender Agreement was $19.5 million, satisfied by a cash payment of approximately $15.6 million (which amount included rent and expenses through the Second Surrender Date) and retention by the landlord of approximately $3.9 million previously deposited by the Company with the landlord as security under the lease.

As a result of this transaction, the Company recorded a charge of approximately $19.0 million during the year ended December 31, 2013. This charge is recorded as restructuring expense and is included within discontinued operations, since the Company currently no longer requires a long-term commitment for office space due to the discontinuation of its revenue-producing operating businesses. Refer to Notes 1, 21 and 22 herein, for additional information.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

Future minimum annual lease payments for the Company's remaining lease commitments, and sublease rental income as of December 31, 2013, are disclosed within the table below. These leases expire at various times through 2015.

(In thousands of dollars)	Future Minimum Lease Payments	Sublease Rental Income	Net Lease Payments
2014	$ 1,431	$ 974	$ 457
2015	712	530	182
Total	$ 2,143	$ 1,504	$ 639

In addition, the Company entered into a sublease with Capstone Advisory Group, LLC ("Capstone") which commenced on November 15, 2013 and initially provides for monthly base rental payments of approximately $12,000, based upon the Company's current space needs. This arrangement provides the Company with flexibility and at a cost that is below other market comparable alternatives. This sublease was evaluated by the Company's Audit Committee and approved on October 10, 2013, since this is a related-party transaction. The sublease continues on a month-to-month basis and provides the Company with the ability to reduce its occupied space upon not less than 30 days notice to Capstone. Any such reduction would reduce the monthly base rental payments based upon pre-determined rates.

The Company recognizes rent expense over the entire lease term on a straight-line basis. To the extent the Company is provided tenant improvement allowances funded by the lessor, they are amortized over the initial lease period and serve to reduce rent expense. Rental expense from continuing operations, net of sublease rental income, for the years ended December 31, 2013, 2012 and 2011 was approximately $0.5 million, $0.7 million and $0.5 million, respectively.

Letters of Credit

The Company was contingently liable under bank stand-by letter of credit agreements, executed primarily in connection with office leases totaling $4.9 million at December 31, 2012 (there were no stand-by letters of credit agreements at December 31, 2013). These agreements were all collateralized by cash which is included within Other assets within the Consolidated Statements of Financial Condition. Refer to Note 13 "Other Assets" herein. During the second quarter and fourth quarter of 2013, letters of credit for approximately $3.9 million and $0.3 million had expired and cash collateral was in the possession of the Company's landlords. In addition, during the fourth quarter of 2013, cash collateral of $0.7 million was returned to the Company in connection with the expiration of a lease.

The $3.9 million of collateral was retained by the landlord in connection with the Company's termination of its lease for its headquarters at 1290 Avenue of the Americas, New York, New York on September 27, 2013. Refer to "Leases" above for additional information. The remaining collateral currently held by the Company's landlord of approximately $0.3 million is expected to be returned upon expiration of the respective lease.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17. Commitments and Contingencies (Continued)

Other

In the normal course of its prior business activities, the Company provided guarantees to third parties with respect to the obligations of certain of its subsidiaries. The majority of these arrangements, discussed below, are connected to the sales and trading activities of the Company's prior MBS & Rates and Credit Products divisions, the activities of which were discontinued in the second quarter of 2013.

In the normal course of business, Gleacher Securities indemnified certain service providers, such as clearing and custody agents, trustees, and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. Gleacher Securities also indemnified some clients against potential losses incurred in the event of non-performance by specified third-party service providers, including sub-custodians. The maximum potential amount of future payments that Gleacher Securities could be required to make under these indemnifications cannot be estimated. However, Gleacher Securities has historically made no material payments under these arrangements and believes that it is unlikely it will have to make material payments in the future. Therefore, the Company has not recorded any contingent liability in the consolidated financial statements for these indemnifications.

The Company provided representations and warranties to counterparties in connection with a variety of transactions and occasionally agreed to indemnify them against potential losses caused by the breach of those representations and warranties and occasionally other liabilities. The maximum potential amount of future payments that the Company could be required under these indemnifications cannot be estimated. However, the Company has historically made no material payments under these agreements and believes that it is unlikely it will have to make material payments in the future; therefore it has not recorded any contingent liability in the consolidated financial statements for these indemnifications.

NOTE 18. Income Taxes

The components of income tax (benefit)/expense from continuing operations reflected in the Consolidated Statements of Operations are set forth below for the years ended December 31:

(In thousands)	2013	2012	2011
Federal			
Current	$ (485)	$ (5,570)	$ (5,539)
Deferred	—	19,174	(568)
State and local			
Current	(597)	(635)	(1,193)
Deferred	—	9,971	(122)
Total income tax (benefit)/expense from continuing operations	$ (1,082)	$ 22,940	$ (7,422)

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 18. Income Taxes (Continued)

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate (continuing operations) is set forth below for the years ended December 31:

(In thousands)	2013	2012	2011
Federal statutory rate—35%	$ (9,663)	$ (9,452)	$ (6,710)
Increase in deferred tax asset valuation allowance	12,664	35,299	—
State and local income taxes, net of federal income taxes	(3,001)	(2,935)	(1,443)
Expiration of statute of limitations	(608)	—	—
Provision to return adjustments	(486)	(274)	530
Change in estimated state tax rates	—	—	(181)
Uncertain tax positions	—	281	96
Other	12	21	286
Total income tax (benefit)/expense from continuing operations	$ (1,082)	$ 22,940	$ (7,422)

The deferred tax assets and liabilities consisted of the following at December 31:

(In thousands)	2013	2012
Deferred tax assets, net		
Net operating loss carryforwards ("NOLs")	$ 72,996	$ 22,089
Compensation	5,007	12,061
Accrued liabilities	1,143	2,230
Investments	(4,050)	(3,782)
Uncertain tax positions	831	831
Fixed assets	—	(337)
Intangible assets	—	(823)
Deferred revenues	—	92
Other	417	1,323
Total net deferred tax asset before valuation allowance	76,344	33,684
Less: valuation allowance	(76,344)	(33,684)
Total deferred tax assets, net of valuation allowance	$ —	$ —

During the year ended December 31, 2012, the Company established a valuation allowance against its deferred tax assets. In assessing the need for a valuation allowance, the Company considered both positive and negative evidence related to the likelihood of realization of the deferred tax assets. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence can be objectively verified. GAAP states that a cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome in determining that a valuation allowance is not needed against deferred tax assets. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 18. Income Taxes (Continued)

The Company entered a three-year cumulative loss position during the year ended December 31, 2012. This cumulative loss position, along with other evidence, merited the establishment of a valuation allowance against the deferred tax assets. A sustained period of profitability is required before the Company would change its judgment regarding the need for a valuation allowance against its net deferred tax assets.

At December 31, 2013, the Company had pre-tax net operating loss carryforwards of approximately $159 million, which expire between 2023 and 2033. These net operating loss carryforwards have been reduced by the impact of an annual limitation described in the Internal Revenue Code ("IRC") Section 382. In general, the IRC Section 382 places an annual limitation on the use of certain tax attributes such as net operating losses. The annual limitation arose as a result of an ownership change which occurred on September 21, 2007. For state and local tax purposes, the Company's net operating loss carryforwards have expiration periods between 1 and 20 years and are also subject to various apportionment factors and limitations on utilization. In the event that the Company experiences an ownership change under IRC Section 382, the Company's NOLs would be fully impaired (reduced nearly to zero). Absent an ownership change, including in the event of a dissolution, the Company's NOLs would be available to offset any income it may recognize, if any.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

(In thousands)	
Balance—December 31, 2011	$ 3,551
Decreases related to settlements	(184)
Decreases related to expiration of statute of limitations	(133)
Gross increases related to current year's tax positions	285
Balance—December 31, 2012	$ 3,519
Decreases related to expiration of statute of limitations	(671)
Balance—December 31, 2013	$ 2,848

The total amount of unrecognized tax benefits that, if recognized, would impact either the effective tax rate or discontinued operations is $2.3 million. We currently anticipate that total unrecognized tax benefits will decrease by up to $2.1 million in the next twelve months, which will affect the effective tax rate, primarily as a result of the settlement of tax examinations.

The Company recognizes interest and penalties as a component of income tax expense. During the years ended December 31, 2013, 2012 and 2011, the Company recognized $0.4 million, $0.4 million and $0.2 million, respectively, of interest expense as a component of income tax expense. The Company had approximately $1.0 million and $0.7 million for the payment of interest and penalties accrued at December 31, 2013 and 2012, respectively.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and local jurisdictions. As of December 31, 2013, with few exceptions, the Company was no longer subject to U.S. federal tax or state and local income tax examinations for years before 2008. The Company began audits with the Internal Revenue Service in 2013 and New York State in 2012.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19. Stock-Based Compensation and Other Plans

Under the Company's 2007 Incentive Compensation Plan ("Incentive Plan") and the 2003 Non-Employee Directors Plan ("2003 Directors Plan"), (referred to herein as the "Plans") employees and non-employees of the Company have been awarded stock options, restricted stock and/or restricted stock units, which expire at various times through 2018. The Company generally issues treasury shares in connection with option exercises, restricted stock awards or the settlement of vested restricted stock units to the extent there are adequate shares in treasury to satisfy such activity.

The Incentive Plan provides for awards in a variety of forms, including, incentive stock options (within the meaning of Section 422 of the Internal Revenue Code), nonqualified stock options, restricted stock and restricted stock units. The Incentive Plan imposes a limit on the number of shares of the Company's common stock that may be subject to awards. On February 6, 2008, the Company's Board of Directors authorized, and on June 5, 2008, the Company's stockholders approved, an additional 533,750 shares for issuance pursuant to the Incentive Plan. On April 16, 2009, in connection with amending and restating the Incentive Plan, the Company's Board of Directors authorized and on June 16, 2009, the Company's stockholders approved an additional 250,000 shares for issuance pursuant to the Incentive Plan. An award relating to shares may be granted if the aggregate number of shares subject to then-outstanding awards, under the Incentive Plan and under the pre-existing plans, plus the number of shares subject to the award being granted do not exceed the sum of (i) 25% of the number of shares of common stock issued and outstanding immediately prior to the grant plus (ii) 783,750 shares.

The 2003 Directors Plan allows awards in the form of stock options and restricted shares. The 2003 Directors Plan imposes a limit on the number of shares of our common stock that may be subject to awards. On April 16, 2009, in connection with amending and restating the 2003 Directors Plan, the Company's Board of Directors authorized and on June 16, 2009, the Company's stockholders approved, increasing the number of shares available for issuance from 5,000 to 100,000 shares.

The following is a recap of all Plans as of December 31, 2013:

Shares authorized for issuance	2,432,706
Share awards used:	
Stock options granted and outstanding	296,189
Restricted stock awards granted and unvested	14,834
Restricted stock units granted and unvested	3,471
Restricted stock units granted and vested	25,658
Total share awards used(1)	340,152
Shares available for future awards	2,092,554

(1) Awards exclude vested options for 33,334 shares granted to the Parent's former CEO outside of the Incentive Plan and pursuant to the "employee inducement" award exception of the NASDAQ rules in connection with his hiring in the second quarter of 2011.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19. Stock-Based Compensation and Other Plans (Continued)

The Company recognized stock-based compensation expense related to its various employee and non-employee director stock-based incentive plans during the years ended December 31, as follows:

(In thousands of dollars)	2013	2012	2011
Continuing operations	$ 1,112	$ 3,151	$ 1,968
Discontinued operations	4,480	3,649	13,106
Total	$ 5,592(2)	$ 6,800	$ 15,074

(2) Includes stock-based compensation for the year ended December 31, 2013 of $4.1 million associated with the vesting of 267,000 shares in connection with the Company's previously disclosed restructurings (Refer to Note 1 herein).

For the years ended December 31, 2013, 2012 and 2011, total stock-based compensation expense was $5.6 million, $6.8 million and $15.1 million, respectively, and the related tax benefit recognized in the Consolidated Statements of Operations was $0.0 million, $0.0 million and $6.4 million, respectively. The actual tax benefit realized for the tax deductions for share-based compensation was $0.0 million, $0.0 million and $8.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

At December 31, 2013, the total compensation expense related to non-vested awards (which are expected to vest) not yet recognized is $0.3 million, which is expected to be recognized over the remaining weighted average vesting period of 0.9 years.

Options: Options have been granted with exercise prices not less than fair market value of the Company's common stock on the date of grant, as defined in each Plan, vest over a maximum of three years, and expire six years after grant date.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19. Stock-Based Compensation and Other Plans (Continued)

Unvested options are generally forfeited upon termination of employment, with limited exceptions. Option transactions for the three years ended December 31, 2013, 2012 and 2011were as follows:

	Shares Underlying Stock Options	Weighted Average Exercise Price
Balance at December 31, 2010	304,970	$ 63.20
Options granted	218,684	35.20
Options exercised	—	—
Options forfeited/expired	(68,288)	50.20
Balance at December 31, 2011	455,366	$ 51.60
Options granted	33,333	17.40
Options exercised	—	—
Options forfeited/expired	(32,993)	78.80
Balance at December 31, 2012	455,706	$ 47.20
Options granted	—	—
Options exercised	—	—
Options forfeited/expired(3)	(126,183)	35.49
Balance at December 31, 2013	329,523	$ 51.67

(3) Options forfeited includes shares underlying stock options of 50,000 and 33,332 granted to the Company's former CEO and former COO, respectively, which were forfeited pursuant to the terms of the respective award agreements and the Retention Plan. Refer to Note 17 "Arbitration—Thomas J. Hughes (former Chief Executive Officer) and John Griff (former Chief Operating Officer)" for additional information.

There were no options exercised for the years ended December 31, 2013, 2012 and 2011. At December 31, 2013, the outstanding options for 329,523 shares (all of which are exercisable) had a remaining average contractual term of 1.4 years and no intrinsic value as they were all significantly out of the money.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19. Stock-Based Compensation and Other Plans (Continued)

The following table summarizes information about stock options outstanding at December 31, 2013:

	Outstanding			Exercisable	
Exercise Price Range	Shares	Average Life Remaining (years)	Average Exercise Price	Shares	Average Exercise Price
$17.00 - $20.00	13,691	4.4	$ 17.40	13,691	$ 17.40
$20.01 - $30.00	16,667	0.4	29.20	16,667	29.20
$30.01 - $40.00	120,091	1.3	37.36	120,091	37.36
$40.01 - $60.00	110,000	1.6	56.99	110,000	56.99
$60.01 - $150.00	69,074	1.0	80.29	69,074	80.29
Total	329,523(4)	1.4	$ 51.67	329,523(4)	$ 51.67

(4) Options outstanding and exercisable above include options for 33,334 shares granted to the Company's former CEO pursuant to the "employee inducement" award exception of the NASDAQ rules in connection with his hiring in the second quarter of 2011.

The Black-Scholes option pricing model is used to determine the fair value of options granted. For year ended December 31 of each respective year, significant assumptions used to estimate the fair value of share based compensation awards include the following:

	2013	2012	2011
Expected term(5)	N/A	3.27	3.94
Expected volatility	N/A	73.6%	87.1%
Expected dividends	—	—	—
Risk-free interest rate	N/A	0.5%	1.2%

(5) The Company utilized the simplified method for calculating the expected term assumption for the years 2012 and 2011, as prescribed by ASC 718, due to insufficient historical stock option exercise experience.

Restricted Stock Awards/Restricted Stock Units: Restricted stock awards and restricted stock units have been valued at the market value of the Company's common stock as of the grant date and expensed over the service period, which is typically 3 years.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19. Stock-Based Compensation and Other Plans (Continued)

Restricted stock awards/restricted stock units for the years ended December 31, 2013, 2012 and 2011 were as follows:

	Unvested Restricted Stock Awards	Weighted Average Grant-Date Fair Value Restricted Stock	Unvested Restricted Stock Units	Weighted Average Grant Date Fair Value Restricted Stock Units
Balance at December 31, 2010	570,525	$ 72.00	309,567	$ 64.40
Granted	129,154	38.40	327,393	39.20
Vested	(341,232)	60.40	(159,768)	57.40
Forfeited	(52,760)	55.00	(77,662)	50.60
Balance at December 31, 2011	305,687	$ 73.60	399,530	$ 49.40
Granted	408,728	27.80	80,000	17.20
Vested	(140,399)	52.40	(145,290)	58.00
Forfeited	(236,429)	64.40	(136,278)	40.20
Balance at December 31, 2012	337,587	$ 33.40	197,962	$ 36.20
Granted	11,955	14.03	75,531	13.80
Vested	(212,047)	33.17	(236,945)	28.71
Forfeited	(122,661)(6)	32.09	(33,077)(6)	37.91
Balance at December 31, 2013	14,834	$ 32.00	3,471	$ 42.00

(6) Awards forfeited includes unvested restricted stock units of 16,667 granted to the Company's former CEO and unvested shares of restricted stock of 20,833 granted to the Company's former COO which were forfeited pursuant to the terms of the respective award agreements and the Retention Plan. Refer to Note 17 "Arbitration—Thomas J. Hughes (former Chief Executive Officer) and John Griff (former Chief Operating Officer)" for additional information.

The total fair value of awards vested, based on the market value of the stock on the vest date, during the years ended December 31, 2013, 2012, and 2011 was $6.6 million, $7.6 million and $21.2 million, respectively.

Other Compensation Arrangements

At December 31, 2013 and December 31, 2012, there was approximately $0.4 million and $0.4 million, respectively, of accruedcompensation within the Consolidated Statements of Financial Condition related to deferred compensation plans provided by the Company, which will be paid out between 2014 and 2016. As ofFebruary 28, 2007, the Company no longer permits new amounts to be deferred under these plans.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 20. Net Capital Requirements

Gleacher Securities is subject to the net capital requirements of Rule 15c3-1 promulgated under the Exchange Act (the "Net Capital Rule"), which requires the maintenance of a minimum net capital. Gleacher Securities has elected to use the alternative method permitted by the Net Capital Rule, which requires it to maintain a minimum net capital amount equal to the greater of 2% of aggregate debit balances arising from customer transactions (as defined) or $0.25 million, subject to certain adjustments related to market making activities in certain securities. As of December 31, 2013, Gleacher Securities had net capital, as defined by the Net Capital Rule, of $33.9 million, which was $33.6 million in excess of the $0.25 million required minimum net capital.

Gleacher Partners, LLC is also subject to the Net Capital Rule. Gleacher Partners, LLC has also elected to use the alternative method permitted by the rule. As of December 31, 2013, Gleacher Partners, LLC had net capital, as defined by the Net Capital Rule, of $0.9 million, which was $0.6 million in excess of the $0.25 million required minimum net capital.

Both Gleacher Securities and Gleacher Partners, LLC intend to submit Forms BDW in order to withdraw their registrations as broker-dealers from the SEC, self-regulatory organizations, and the states. Withdrawal from broker-dealer registration becomes effective 60 days after the filing of Form BDW, unless a firm consents to a longer period or the SEC institutes a proceeding, delays or shortens the date of effectiveness, or otherwise imposes terms or conditions upon such withdrawal.

NOTE 21. Restructuring

Investment Banking and Fixed Income Businesses

The Company's Board of Directors approved plans to discontinue operations in its Investment Banking division on May 30, 2013 and Fixed Income businesses on April 5, 2013. Exiting these businesses impacted approximately 150 employees. Refer to Note 22 herein for additional information.

ClearPoint—Homeward Transaction

On February 14, 2013, the Company entered into an agreement to sell substantially all of ClearPoint's assets to Homeward. This transaction closed on February 22, 2013, and all remaining business activities of ClearPoint have been substantially wound down. Refer to Note 22 herein for additional information.

Equities Business—Exit on August 22, 2011

On August 22, 2011, the Board of Directors of the Company approved a plan to exit the Equities business, effective immediately. Exiting the Equities business impacted 62 employees. Refer to Note 22 herein for additional information.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 21. Restructuring (Continued)

The following table summarizes the restructuring charges incurred by the Company for the years ended December 31, which have been recorded as a component of discontinued operations:

(In thousands of dollars)	2013	2012	2011
Cash Charges:			
Investment Banking			
Severance compensation	$ 1,417	$ —	$ —
Third party vendor contracts and other costs	332	—	—
Subtotal—Investment Banking (cash charges):	1,749	—	—
Fixed Income businesses			
Severance compensation	8,323	—	—
Third party vendor contracts and other costs	6,134	—	—
Subtotal—Fixed Income (cash charges):	14,457	—	—
ClearPoint			
Severance and other compensation	1,263	—	—
Third party vendor contracts and other costs	201	—	—
Subtotal—ClearPoint (cash charges):	1,464	—	—
Equities			
Severance and other compensation	—	—	2,578
Third party vendor contracts and other costs	—	(222)	2,208
Subtotal—Equities (cash charges):	—	(222)	4,786
Other			
Severance compensation	712	—	—
Reserve for lease commitments	19,957	(133)	597
Subtotal—Other (cash charges):	20,669	(133)	597
Total—Cash Charges:	**$ 38,339**	**$ (355)**	**$ 5,383**
Non-Cash Charges:			
Investment Banking			
Intangible asset impairment	$ 2,932	$ —	$ —
Stock-based compensation vesting	254	—	—
Subtotal—Investment Banking (non-cash charges):	3,186	—	—
Fixed Income businesses			
Goodwill & intangible asset impairment	388	—	—
Stock-based compensation vesting	3,681	—	—
Subtotal—Fixed Income (non-cash charges):	4,069	—	—
ClearPoint			
Intangible asset impairment	587	—	—
Deferred compensation and other charges	448	—	—
Subtotal—ClearPoint (non-cash charges):	1,035	—	—
Equities			
Stock-based compensation vesting	—	(92)	1,395
Subtotal—Equities (non-cash charges):	—	(92)	1,395
Other			
Stock-based compensation vesting	195	—	—
Impairment of fixed assets and leasehold improvements	4,006	—	316
Subtotal—Other (non-cash charges)	4,201	—	316
Total—Non-Cash Charges:	**$ 12,491**	**$ (92)**	**$ 1,711**
Restructuring expenses—Total:	**$ 50,830**	**$ (447)**	**$ 7,094**

Restructuring expenses—Total:	**$ 50,850**	**$ (447)**	**$ 7,094**

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 21. Restructuring (Continued)

The following table summarizes the changes in the Company's liability related to the restructurings for the years ended December 31:

(In thousands of dollars)	2013	2012	2011
Balance—January 1	$ 108	$ 1,427	$ —
Restructuring expense	50,830	(447)	7,094
Plus: Deferred rent obligation, prior to restructuring	2,160	—	—
Less: Non-cash charges	(12,491)	92	(1,711)
Payment for lease termination—Company headquarters	(19,500)	—	—
Payments for severance and other compensation	(11,715)	—	(2,578)
Payments for third party vendor contracts and other costs	(4,908)	(747)	(1,131)
Payments for lease commitments, net of sublease income	(1,993)	(217)	(247)
Restructuring reserve—December 31	$ 2,491	$ 108	$ 1,427

As previously mentioned, on September 27, 2013, the Company entered into an agreement terminating the lease for its headquarters at 1290 Avenue of the Americas, New York, New York. The Company's total termination obligation was $19.5 million, satisfied by a cash payment of approximately $15.6 million and retention by the landlord of approximately $3.9 million previously deposited by the Company with the landlord as security under the lease. Refer to Note 17 "Leases" herein for additional information.

The Company's remaining obligation associated with these exits at December 31, 2013 was approximately $2.5 million and was primarily related to costs associated with the termination of third party vendor contracts, and to a lesser extent, lease commitments. The Company expects the majority of its remaining liability to be settled within the next six months. No other material charges are expected to be incurred.

NOTE 22. Discontinued Operations

As previously disclosed, the Board of Directors of the Company approved plans to discontinue its Investment Banking and Fixed Income businesses during the second quarter of 2013 (MBS & Rates revenue includes losses incurred in connection with the wind down of the division's financial instruments owned) and approved plans to discontinue its Equities business in the third quarter of 2011. In addition, during the first quarter of 2013, substantially all of ClearPoint's assets were sold to Homeward (resulting in a loss of approximately $1.1 million). As a result of these exits, the results of these businesses have been classified as discontinued operations.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 22. Discontinued Operations (Continued)

Amounts reflected in the Consolidated Statements of Operations related to these discontinued operations for the years ending December 31, are presented in the following table.

(In thousands of dollars)	2013	2012	2011
Net revenue			
Investment Banking	$ 15,056	$ 27,441	$ 26,610
MBS & Rates	(4,412)	40,638	103,858
Credit Products	13,049	74,432	71,056
ClearPoint	4,356	53,375	46,924
Equities division	76	54	13,064
Other items reclassified from continuing operations (Note 1)	574	5,627	8,660
Total net revenue	28,699	201,567	270,172
Total expenses (excluding restructuring expense)			
Investment Banking	12,633	22,863	24,320
MBS & Rates	11,003	40,511	70,738
Credit Products	14,521	70,687	61,318
ClearPoint	6,611	59,265	50,610
Equities division	169	98	31,714
Other items reclassified from continuing operations (Note 1)	5,752	34,532	92,828
Total expenses (excluding restructuring expense)	50,689	227,956	331,528
(Loss)/income from discontinued operations before income taxes (excluding restructuring expense)			
Investment Banking	2,423	4,578	2,290
MBS & Rates	(15,415)	127	33,120
Credit Products	(1,472)	3,745	9,738
ClearPoint	(2,255)	(5,890)	(3,686)
Equities division	(93)	(44)	(18,650)
Other items reclassified from continuing operations	(5,178)	(28,905)	(84,168)
Subtotal	(21,990)	(26,389)	(61,356)
Restructuring expense (Note 21)	(50,830)	447	(7,094)
Loss from discontinued operations before income taxes	(72,820)	(25,942)	(68,450)
Income tax expense	185	1,802	1,925
Loss from discontinued operations, net of taxes	$ (73,005)	$ (27,744)	$ (70,375)

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 23. Fair Value of Financial Instruments

All of the financial instruments of the Company are reported on the Consolidated Statements of Financial Condition at market or fair value, or at carrying amounts that approximate fair value, because of their short term nature.

NOTE 24. Related Party Transactions

Capstone—May 2013

On May 31, 2013, the Board of Directors appointed Christopher J. Kearns of Capstone as the Company's Chief Restructuring Officer and Chief Executive Officer, and the Company entered into an agreement with Capstone (and Mr. Kearns) for various services. During the year ended December 31, 2013, the Company incurred approximately $2.2 million in connection with this agreement.

RangeMark Acquisition—November 2012

In connection with the Company's acquisition of certain assets and assumption of certain liabilities of RangeMark on November 7, 2012, the Company agreed to pay to the selling parties $2.5 million of purchase consideration, payable in four installments commencing on September 30, 2013 through March 31, 2015. In connection with the Company's exit from its Fixed Income businesses, during the second quarter of 2013, the Company exercised its right to transfer ownership of software-related intellectual property assets back to RangeMark, and was released of its payment and other obligations.

Gleacher Acquisition—June 2009

During the third quarter of 2009, the Company received a Notice of Proposed Tax Adjustments from the New York City Department of Finance for underpayment by Gleacher Partners, LLC of Unincorporated Business Tax. The Company has an off-setting claim against former pre-acquisition Gleacher stockholders for any pre-acquisition tax liabilities, which is partially collateralized by shares of its common stock held in an escrow account that was established at the closing of the Company's acquisition of Gleacher Partners, Inc. to satisfy any indemnification obligations. The Company does not believe, in any event, that the open tax years or other pre-acquisition tax matters will have a material adverse effect on its financial position or results of operations. During the year ended December 31, 2013, the Company reduced its indemnification receivable by approximately $0.7 million as a result of the expiration of the statute of limitations, resulting in the recognition of a non-cash expense recorded within Other expenses in the Consolidated Statements of Operations (the charge is offset by a benefit recorded within the Company's provision for income taxes). The Company's receivable for this indemnification claim at December 31, 2013 and December 31, 2012 was $0.9 million and $1.5 million, respectively.

In connection with the acquisition of Gleacher Partners, Inc., the Company agreed to pay $10 million to the selling parties over five years after closing the transaction, subject to acceleration under certain circumstances. The Company paid $0.2 million and $4.4 million of this obligation during the years ended December 31, 2013 and December 31, 2012, respectively ($4.9 million was paid during the year ended December 31, 2010 and no payments were made during the year ended December 31, 2011). The Company's remaining obligation is recorded as a liability within the Company's Consolidated Statements of Financial Condition.

GLEACHER & COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 24. Related Party Transactions (Continued)

Details on the amounts receivable from or payable to related parties are below:

(In thousands of dollars)	December 31, 2013	December 31, 2012
Receivables from related parties		
Former stockholders of Gleacher Partners, Inc.	$ 856	$ 1,474
Payables to related parties		
Former owners of RangeMark	$ —	$ 2,350
Former stockholders of Gleacher Partners, Inc.	399	594
Capstone	76	—
Payables to related parties—total	$ 475	$ 2,944

Other Matters

During the third quarter of 2013, the Company reimbursed MatlinPatterson for approximately $1.1 million for costs incurred in connection with the preparation, distribution and solicitation of their proxy materials associated with the Company's 2013 Annual Meeting of Stockholders. This request for reimbursement was evaluated by the Company's Audit Committee and approved on August 2, 2013. In doing so, the Audit Committee determined that under the circumstances: (i) the amount of reimbursement sought by MatlinPatterson was reasonably incurred; (ii) such amount was not disproportionate to, and was justified by, the benefit received by the Company and its stockholders as a result of MatlinPatterson's actions; and (iii) in its good faith judgment, reimbursement by the Company of the specific expenses would be in, or would not be inconsistent with, the best interests of the Company and its stockholders. In making such determinations, the Audit Committee considered, among other things, the fact that the Company's former Committee on Directors and Corporate Governance had made no nominations of its own, that four members of that committee had stated, and later confirmed, that such members would not stand for reelection when their respective terms of office expired at the 2013 Annual Meeting of Stockholders, and that a fifth incumbent director, the Company's then-Chief Executive Officer, had waived his right to be nominated for reelection to the Board.

NOTE 25. Subsequent Events

The Company evaluated subsequent events through the date of issuance of the accompanying consolidated financial statements. Refer to Note 1herein regarding the Company's proposed dissolution and liquidation. There were no events requiring disclosure.

Gleacher & Company, Inc.
SUPPLEMENTARY DATA

SELECTED QUARTERLY FINANCIAL DATA
(Unaudited)
(In thousands of dollars, except for per share data)

	Three Months Ended			
	Mar 2013	Jun 2013	Sep 2013	Dec 2013
Total revenues	$ 402	$ (499)	$ 255	$ 1,775
Total expenses	6,313	6,360	11,599	5,270
Loss from continuing operations before income taxes and discontinued operations	(5,911)	(6,859)	(11,344)	(3,495)
Income tax (benefit)/expense	(50)	69	74	(1,175)
Loss from continuing operations	(5,861)	(6,928)	(11,418)	(2,320)
Loss from discontinued operations, net of taxes	(12,110)	(54,567)	(5,728)	(600)
Net loss	$ (17,971)	$ (61,495)	$ (17,146)	$ (2,920)
Loss per share:				
Basic loss per share				
Continuing operations	$ (0.98)	$ (1.13)	$ (1.85)	$ (0.37)
Discontinued operations	(2.03)	(8.89)	(0.92)	(0.10)
Net loss per share	$ (3.01)	$ (10.02)	$ (2.77)	$ (0.47)
Dilutive loss per share				
Continuing operations	$ (0.98)	$ (1.13)	$ (1.85)	$ (0.37)
Discontinued operations	(2.03)	(8.89)	(0.92)	(0.10)
Net loss per share	$ (3.01)	$ (10.02)	$ (2.77)	$ (0.47)

Gleacher & Company, Inc.
SUPPLEMENTARY DATA

SELECTED QUARTERLY FINANCIAL DATA
(Unaudited)
(In thousands of dollars, except for per share data)

The sum of the quarter earnings per share amount does not always equal the full fiscal year's amount due to the effect of averaging the number of shares of common stock and common stock equivalents throughout the year.

	Three Months Ended			
	Mar 2012	Jun 2012	Sep 2012	Dec 2012
Total revenues	$ 558	$ (76)	$ 385	$ 1,215
Total expenses	6,811	8,103	8,054	6,120
Loss from continuing operations before income taxes and discontinued operations	(6,253)	(8,179)	(7,669)	(4,905)
Income tax (benefit)/expense	(2,316)	27,286	(2,223)	193
Loss from continuing operations	(3,937)	(35,465)	(5,446)	(5,098)
(Loss)/income from discontinued operations, net of taxes	(747)	(23,508)	2,677	(6,166)
Net loss	$ (4,684)	$ (58,973)	$ (2,769)	$ (11,264)
Loss per share:				
Basic (loss)/income per share				
Continuing operations	$ (0.65)	$ (5.93)	$ (0.92)	$ (0.86)
Discontinued operations	(0.13)	(3.93)	0.45	(1.03)
Net loss per share	$ (0.78)	$ (9.86)	$ (0.47)	$ (1.89)
Dilutive (loss)/income per share				
Continuing operations	$ (0.65)	$ (5.93)	$ (0.92)	$ (0.86)
Discontinued operations	(0.13)	(3.93)	0.45	(1.03)
Net loss per share	$ (0.78)	$ (9.86)	$ (0.47)	$ (1.89)

The sum of the quarter earnings per share amount does not always equal the full fiscal year's amount due to the effect of averaging the number of shares of common stock and common stock equivalents throughout the year.

Correction of an Error. During the preparation of the Annual Report on Form 10-K for the year ended December 31, 2012, the Company determined that in the second quarter of 2012, we incorrectly provided for a valuation allowance on $1.9 million of net operating losses ("NOLs") that were realizable by the Company. This had the effect of overstating income tax expense by approximately $1.9 million in the Form 10-Q for the three and six months ended June 30, 2012 and nine months ended September 30, 2012. We evaluated the effects of this error and concluded that it is not material to the Company's previously issued Quarterly Report on Form 10-Q for the three and six months ended June 30, 2012 and nine months ended September 30, 2012. Nevertheless, we revised in this report, our Consolidated Statement of Operations to correct for the effect of this error in our financial statements for the three and six months ended June 30, 2012 and for the nine month ended September 30, 2012 and will include this revision in future filings. We determined that correcting the misstatement in the fourth quarter of 2012 would have been material to the results of the three months ended December 31, 2012 and thus revised the results of the three months ended June 30, 2012. The revision does not affect net operating, investing or financing cash flows reported within the

Gleacher & Company, Inc.
SUPPLEMENTARY DATA

Consolidated Statement of Cash Flows and has an insignificant effect on the Company's Consolidated Statement of Financial Condition for all periods.

The amounts on prior period Consolidated Statements of Operations and earnings per share ("EPS") that have been revised is summarized below:

(in thousands, except per share amounts)	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012	Nine Months Ended September 30, 2012
Net loss—as previously reported	$ (60,832)	$ (65,516)	$ (68,285)
Adjustment	1,859	1,859	1,859
Net loss—as revised	$ (58,973)	$ (63,657)	$ (66,426)
EPS—Basic and Diluted			
EPS—as previously reported	$ (10.18)	$ (10.99)	$ (11.48)
EPS—as revised	$ (9.86)	$ (10.68)	$ (11.17)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, the Company's management, with the participation of the Principal Executive Officer and the Principal Accounting Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act). Based on that evaluation, the Company's management, including the Principal Executive Officer and the Principal Accounting Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no changes in the Company's internal controls over financial reporting occurred during the fourth quarter of the Company's fiscal year ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2013 based on the control criteria established in a report entitled Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2013.

The Company's independent registered public accounting firm has audited and issued a report on the Company's internal control over financial reporting, which appears herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item with respect to our directors, our executive officers, our Audit Committee and Audit Committee financial expert, our compliance with Section 16(a) of the Exchange Act and our code of ethics for senior officers will be contained in the Company's definitive proxy statement for the Annual Meeting of Stockholders currently scheduled for May 29, 2014. Such information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be contained under the caption "Compensation Discussion and Analysis," "Compensation of Executive Officers," "Director Compensation For Fiscal Year 2013," "Compensation Committee Interlocks and Insider Participation" and "Executive Compensation Committee Report" in the Company's definitive proxy statement for the Annual Meeting of Stockholders currently scheduled for May 29, 2014. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained under the caption "Stock Ownership of Principal Owners and Management" and "Equity Compensation Plan Information" in the Company's definitive proxy statement for the Annual Meeting of Stockholders currently scheduled for May 29, 2014. Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Directory Independence

The information required by this item will be contained under the caption "Certain Relationships and Related Transactions" in the Company's definitive proxy statement for the Annual Meeting of Stockholders currently scheduled for May 29, 2014. Such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information with respect to fees and services related to the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, and the disclosure of the Audit Committee's pre-approval policies and procedures will be contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of Gleacher & Company, Inc. currently scheduled for May 29, 2014, and are incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedule

(a)(1) The following financial statements are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

Financial Statements:

Consolidated Statements of Operations for the Years Ended December 31, 2013, 2012 and 2011

Consolidated Statements of Financial Condition as of December 31, 2013 and 2012

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2013, 2012 and 2011

Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011

Notes to Consolidated Financial Statements

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) Exhibits included herein

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated May 27, 2010, by and between Broadpoint Gleacher Securities Group, Inc. and Gleacher & Company, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed May 28, 2010 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of Gleacher & Company, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 28, 2010 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Gleacher & Company, Inc., effective May 9, 2013 (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed May 10, 2013 and incorporated herein by reference).
4.1	Specimen Certificate of Common Stock, par value $.01 per share of Gleacher & Company, Inc. (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed August 9, 2013 and incorporated herein by reference).
4.2	Registration Rights Agreement, dated as of September 21, 2007, by and among First Albany Companies Inc., MatlinPatterson FA Acquisition LLC, Robert M. Tirschwell and Robert M. Fine (filed as Exhibit 4.2 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).
4.3	Amendment No. 1 to Registration Rights Agreement dated as of March 4, 2008 by and among the Company, MatlinPatterson FA Acquisition LLC, Robert M. Tirschwell and Robert M. Fine (filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).

Exhibit Number	Description
10.1†	First Albany Companies Inc. 2005 Deferred Compensation Plan for Key Employees effective January 1, 2005 (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K filed March 15, 2010 and incorporated herein by reference).
10.2†	First Albany Companies Inc. 2005 Deferred Compensation Plan for Professional and Other Highly Compensated Employees effective January 1, 2005 (filed as Exhibit 4(f) to the Company's Registration Statement on Form S-8 filed January 10, 2005 (File No. 333-121928) and incorporated herein by reference).
10.3	Asset Purchase Agreement dated as of March 6, 2007 among DEPFA BANK plc, First Albany Capital Inc., and First Albany Companies Inc. (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).
10.4	Investment Agreement dated as of May 14, 2007 between First Albany Companies Inc. and MatlinPatterson FA Acquisition LLC (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).
10.5†	Form of Restricted Stock Unit Agreement pursuant to the 2007 Incentive Compensation Plan (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).
10.6*	Stock Purchase Agreement by and among Broadpoint Securities Group, Inc., American Technology Research Holdings, Inc., Richard J. Prati, Curtis L. Snyder, Richard Brown, Robert Sanderson and Bradley Gastwirth, dated as of September 2, 2008.
10.7†	Non-Competition and Non-Solicitation Agreement dated as of March 2, 2009 by and between Broadpoint
*	Securities Group, Inc. and Eric Gleacher.
10.8*	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.
10.9	Registration Rights Agreement dated June 5, 2009 by and between Broadpoint Securities Group, Inc. and Eric J. Gleacher (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 8, 2009 and incorporated herein by reference).
10.10	Trade Name and Trademark Agreement, dated June 5, 2009 by and among Broadpoint Securities Group, Inc., Eric J. Gleacher and certain other parties thereto (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed June 8, 2009 and incorporated herein by reference).
10.11†	Amended and Restated Broadpoint Gleacher Securities Group, Inc. 2003 Non-Employee Directors Stock Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 22, 2009 and incorporated herein by reference).
10.12†	Amended and Restated Broadpoint Gleacher Securities Group, Inc. 2007 Incentive Compensation Plan (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 22, 2009 and incorporated herein by reference).
10.13†	Restricted Stock Units Agreement dated February 15, 2011, by and between Gleacher & Company, Inc. and Patricia Arciero-Craig (filed as Exhibit 10.67 to the Company's Annual Report on Form 10-K filed March 15, 2011 and incorporated herein by reference).

10.14† Letter Agreement, dated April 18, 2011, by and between Gleacher & Company, Inc. and Thomas J. Hughes (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 22, 2011 and incorporated herein by reference).

Exhibit Number	Description
10.15†	2007 Incentive Compensation Plan Stock Option Agreement, dated May 9, 2011, by and between Gleacher & Company, Inc. and Thomas J. Hughes (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed May 10, 2011 and incorporated herein by reference).
10.16†	Inducement Stock Option Agreement, dated May 9, 2011, by and between Gleacher & Company, Inc. and Thomas J. Hughes (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed May 10, 2011 and incorporated herein by reference).
10.17†	Inducement Restricted Stock Units Agreement, dated May 9, 2011, by and between Gleacher & Company, Inc. and Thomas J. Hughes (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed May 10, 2011 and incorporated herein by reference).
10.18†	Letter Agreement, dated July 7, 2011, by and between Gleacher & Company, Inc. and John Griff (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 13, 2011 and incorporated herein by reference).
10.19†	Form of 2003 Non-Employee Directors Stock Plan Option Agreement (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed August 8, 2011 and incorporated herein by reference).
10.20†	2007 Incentive Compensation Plan Stock Option Agreement, dated August 4, 2011, by and between Gleacher & Company, Inc. and John Griff (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed August 8, 2011 and incorporated herein by reference).
10.21†	Form of Restricted Stock Agreement pursuant to the 2007 Incentive Compensation Plan (filed as Exhibit 10.79 to the Company's Annual Report on Form 10-K filed March 20, 2012 and incorporated by reference herein).
10.22†	Restricted Stock Agreement dated February 15, 2012, by and between Gleacher & Company, Inc. and Patricia A. Arciero-Craig (filed as Exhibit 10.80 to the Company's Annual Report on Form 10-K filed March 20, 2012 and incorporated by reference herein).
10.23†	Restricted Stock Agreement dated February 15, 2012, by and between Gleacher & Company, Inc. and Bryan J. Edmiston (filed as Exhibit 10.81 to the Company's Annual Report on Form 10-K filed March 20, 2012 and incorporated by reference herein).
10.24†	Restricted Stock Agreement dated February 15, 2012, by and between Gleacher & Company, Inc. and John Griff (filed as Exhibit 10.82 to the Company's Annual Report on Form 10-K filed March 20, 2012 and incorporated by reference herein).
10.25	Agreement dated as of January 28, 2013, by and between Gleacher & Company, Inc. and Eric J. Gleacher (filed as Exhibit 10.50 to the Company's Annual Report on Form 10-K filed March 18, 2013 and incorporated herein by reference).
10.26	Gleacher & Company Senior Management Compensation and Retention Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 23, 2012 and incorporated herein by reference).
10.27	Participation Agreement with Thomas J. Hughes (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 23, 2012 and incorporated herein by reference).
10.28	Participation Agreement with John Griff (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed August 23, 2012 and incorporated herein by reference).

Exhibit Number	Description
10.29	Asset Purchase Agreement, dated as of February 14, 2013, by and among ClearPoint Funding, Inc., Descap Mortgage Funding, LLC, Gleacher & Company, Inc. and Homeward Residential, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed Mary 10, 2013 and incorporated herein by reference).
10.30	Engagement Agreement, dated as of May 31, 2013, by and among Capstone Advisory Group, LLC, Christopher J. Kearns and Gleacher & Company, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 9, 2013 and incorporated herein by reference).
10.31	Indemnification Agreement, dated as of May 31, 2013, by and among Capstone Advisory Group, LLC, Christopher J. Kearns and Gleacher & Company, Inc. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed August 9, 2013 and incorporated herein by reference).
10.32	Form of Director Indemnification Agreement (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed August 9, 2013 and incorporated herein by reference).
10.33	Lease Agreement by and among Broadpoint Gleacher Securities Group, Inc., HWA 1290 III LLC; HWA 1290 IV LLC; and HWA 1290 V LLC, dated as of September 30, 2009 (filed as Exhibit 10.95 to the Company's Quarterly Report on Form 10-Q filed November 16, 2009 and incorporated herein by reference).
10.34	Assignment of Lease and Consent by and among Broadpoint Gleacher Securities Group, Inc., One Penn Plaza LLC, HWA 1290 III LLC; HWA 1290 IV LLC; and HWA 1290 V LLC, dated as of September 30, 2009 (filed as Exhibit 10.96 to the Company's Quarterly Report on Form 10-Q filed November 16, 2009 and incorporated herein by reference).
10.35	Amendment of Lease by and among Gleacher & Company, Inc., HWA 1290 III LLC; HWA 1290 IV LLC; and HWA 1290 V LLC, dated as of August 26, 2010 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 8, 2010 and incorporated herein by reference).
10.36	Surrender Agreement, dated as of September 27, 2013, by and among Gleacher & Company, Inc., HWA 1290 III LLC, HWA 1290 IV LLC and HWA 1290 V LLC (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 27, 2013 and incorporated herein by reference).
10.37	Key Employee Retention Agreement between the Company and Patricia Arciero-Craig, dated October 18, 2013 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 22, 2013 and incorporated herein by reference).
10.38	Key Employee Retention Agreement between the Company and Bryan Edmiston, dated October 18, 2013 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 22, 2013 and incorporated herein by reference).
11	Statement Re: Computation of Per Share Earnings (the calculation of per share earnings is in Part II, Item 8 and is omitted in accordance with Section (b)(11) of Item 601 of Regulation S-K).
21*	Subsidiaries of the Registrant.
24	Powers of Attorney (included on signature page).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act.

Exhibit Number	Description
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act.
32*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
101*	The following statements from the annual report on Form 10-K of Gleacher & Company, Inc. are attached to this report formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the years ending December 31, 2013, December 31, 2012 and December 31, 2011, (ii) the Consolidated Statements of Financial Condition at December 31, 2013 and December 31, 2012 (iii) the Consolidated Statements of Cash Flows for the years ending December 31, 2013, December 31, 2012 and December 31, 2011 and (iv) Notes to the Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

† Management contract or compensatory plan or arrangement required to be filed as an exhibit to Form 10-K pursuant to Item 15(b)

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLEACHER & COMPANY, INC.

Date: March 17, 2014

By: /s/ CHRISTOPHER J. KEARNS

CHRISTOPHER J. KEARNS
Principal Executive Officer

Power of Attorney

We, the undersigned, hereby severally constitute Christopher J. Kearns and Bryan J. Edmiston, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, and in our names in the capacities indicated below, any and all amendments to the Annual Report on Form 10-K filed with the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys to any and all amendments to said Annual Report on Form 10-K.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	TITLE	DATE
/s/ CHRISTOPHER J. KEARNS CHRISTOPHER J. KEARNS	Principal Executive Officer	March 17, 2014
/s/ BRYAN J. EDMISTON BRYAN J. EDMISTON	Principal Accounting Officer	March 17, 2014
/s/ MARSHALL COHEN MARSHALL COHEN	Director	March 17, 2014
/s/ KEITH B. HALL KEITH B. HALL	Director	March 17, 2014
/s/ JAIME LIFTON JAIME LIFTON	Director	March 17, 2014

Signature	TITLE	DATE
/s/ MARK R. PATTERSON MARK R. PATTERSON	Director	March 17, 2014
/s/ CHRISTOPHER R. PECHOCK CHRISTOPHER R. PECHOCK	Director	March 17, 2014

Exhibit 10.6

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

by and among

Broadpoint Securities Group, Inc.,

American Technology Research Holdings, Inc.,

Richard J. Prati,

Richard Brown,

Robert Sanderson,

Bradley Gastwirth

And

Curtis L. Snyder,

For himself and as the Stockholder Representative

Dated as of September 2, 2008

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of September 2, 2008 by and among Broadpoint Securities Group, Inc., a New York corporation (the "Purchaser"), American Technology Research Holdings, Inc., a Delaware corporation (the "Company"), Richard J. Prati, Curtis L. Snyder (as a Stockholder and as the "Stockholder Representative" and, together with Mr. Prati, the "Principal Stockholders"), Richard Brown, Robert Sanderson, Bradley Gastwirth and such other individuals listed on Exhibit A hereto who, pursuant to a supplemental agreement, agree to be bound by the terms and conditions of this agreement as if he or she was an original signatory hereto (each, a "Stockholder" and collectively the "Stockholders").

RECITALS

WHEREAS, the Stockholders own (i) all of the issued and outstanding shares of Company Common Stock, (the "Company Shares"), (ii) all of the Company Vested Options and (iii) all of the Company Unvested Options, in each case as set forth in Exhibit A hereto;

WHEREAS, the Stockholders desire to sell to the Purchaser, and the Purchaser desires to purchase, all of the Company Shares, upon the terms and subject to the conditions set forth herein (the "Transaction"); and

WHEREAS, in connection with the Transaction and subject to the terms and conditions hereof, the Company, the Vested Stockholders and the Unvested Stockholders desire to cancel all of the Company Vested Options and all of the Company Unvested Options.

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:

"2008 Bonus Pool" shall mean the accrued bonus pool as set forth on the Closing Date Balance Sheet, payable to employees of the Company at any time prior to the date that is 105 calendar days after the Closing Date.

"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.

"Actual Debt" shall mean the amount of Debt as of the Closing Date as set forth on the Closing Date Balance Sheet.

"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 their or its Affiliates.

"Ancillary Agreements" shall mean the Non-Compete Agreements and the Operating Agreement.

"Announcement Date" for any given year shall mean the date that occurs in the immediately succeeding fiscal year on which the Purchaser first publicly announces its financial results for the given fiscal year.

"Average Purchaser Share Price" as of (i) any given Announcement Date shall mean the average daily closing price, weighted by volume, on the NASDAQ Global Select Market for a share of Purchaser Common Stock during the 10-day trading period ending on the last trading day of the fiscal year to which such Announcement Date relates and (ii) any other date shall mean the average daily closing price, weighted by volume, on the NASDAQ Global Select Market for a share of Purchaser Common Stock during the 10-day trading period ending on the last trading day before such date.

"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.

"Cash" shall mean unrestricted cash, cash equivalents, marketable securities, notes receivable from Stockholders and income tax receivable for 2008 estimated payments, determined in accordance with GAAP applied in a manner consistent with past practice.

"Change in Control" shall occur, with regard to the Purchaser, on the date that (i) any one person, or more than one person acting as a group, acquires ownership of stock of the Purchaser that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Purchaser; (ii) either (A) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) ownership of Purchaser stock possessing 30% or more of the total voting power of the Purchaser stock, or (B) a majority of the members of the Purchaser's Board of Directors is replaced during the preceding twelve months by directors whose appointment or election is not endorsed by a majority of the members of the Purchaser's Board of Directors before the date of appointment or election; or (iii) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) assets of the Purchaser that have a total gross fair market value equal to more than 40% of the total gross fair market value of all of the assets of the Purchaser immediately before such acquisition or acquisitions. The determination of whether a transaction constitutes a "Change in Control" hereunder shall be made by applying the requirements of Section 409A of the Code and applicable Treasury Regulations and other guidance issued by the Internal Revenue Service or Treasury Department. Notwithstanding the foregoing, no such transaction shall constitute a "Change in Control" for purposes of this Agreement unless, in such transaction, the Purchaser's stock or assets, as the case may be, is or are acquired by a Person that conducts, or owns directly or indirectly a Person that conducts, a broker-dealer business that has trailing twelve-month secondary equity sales and trading revenues, determined on the closing date of the acquisition transaction, that are 50% or more of the trailing twelve-month secondary equity sales and trading revenues of ECM, determined as of such closing date.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company Charter Documents" shall mean the organizational documents of the Company and its Subsidiaries, including the certificate of incorporation and the by-laws.

"Company Common Stock" shall mean the common stock, par value $0.01 per share, of the Company.

"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.

"Company Unvested Options" shall mean the outstanding options to purchase shares of Company Common Stock, the terms of which provide that they shall not vest on or before January 31, 2009.

"Company Vested Options" shall mean the outstanding options to purchase shares of Company Common Stock, the terms of which provide that they have vested as of the date hereof or shall vest on or before January 31, 2009.

"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), Taxes payable and deferred compensation arrangements of the Company and its Subsidiaries.

"Disclosure Schedule" shall mean the disclosure schedule delivered by the Stockholders to the Purchaser concurrently with the execution of this Agreement.

"Earn-out Payments" shall mean the Earn-out Payments to Vested Stockholders and the Earn-out Payments to Unvested Stockholders.

"Earn-out Payments to Unvested Stockholders" shall mean any payments made by the Purchaser pursuant to Section 2.3 hereof.

"Earn-out Payments to Vested Stockholders" shall mean any payments made by the Purchaser pursuant to Section 2.4 hereof.

"ECM" shall mean American Technology Research, Inc., a wholly-owned subsidiary of the Company, or its business operations, as such entity or business operations may be changed or reorganized as recommended by Robert Meier, Richard J. Prati and Curtis L. Snyder and approved by the Chief Executive Officer of the Purchaser.

"ECM Loss" shall mean a pre-tax loss of ECM for any given period, calculated in accordance with GAAP and the past practices of ECM and as set forth on Section 1.1(a) of the Disclosure Schedule; provided, that, for the avoidance of doubt, (1) the amortization of the Share Purchase Price to Unvested Stockholders in any given period shall not be deducted from any calculation of pre-tax loss of ECM for such period, and (2) the amortization in any given period of any shares of Restricted Stock issued pursuant to any Earn-Out Payment to Unvested Stockholders shall be included in any calculation of pre-tax loss of ECM for such period in accordance with GAAP.

"ECM Profit" shall mean a pre-tax profit of ECM for any given period, calculated in accordance with GAAP and the past practices of ECM and as set forth on Section 1.1(a) of the Disclosure Schedule; provided, that, for the avoidance of doubt, (1) the amortization of the Share Purchase Price to Unvested Stockholders in any given period shall not be deducted from any calculation of pre-tax profit of ECM for such period, and (2) the amortization in any given period of any shares of Restricted Stock issued pursuant to any Earn-Out Payment to Unvested Stockholders shall be deducted from any calculation of pre-tax profit of ECM for such period in accordance with GAAP.

"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.

"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, including, without limitation, semiconductor and mask work rights.

"IRS" shall mean the Internal Revenue Service.

"Knowledge of the Company", including other similar phrases or uses, shall mean the actual knowledge, after reasonable due inquiry, of the individuals set forth on Section 1.1(b) of the Disclosure Schedule and the knowledge of each shall be imputed to the others. Such 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 Stockholders", including other similar phrases or uses, shall mean the actual knowledge of the Stockholders.

"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.

"Material Adverse Effect" shall mean a material adverse effect on (i) the Company and its Subsidiaries or the business, operations, assets, liabilities, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole, or (ii) the timely consummation of the transactions contemplated by this Agreement, in each case, other than 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, (B) the industry in which the Company and its Subsidiaries operate in general, including changes in interest or exchange rates, (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 execution and delivery of this Agreement, the announcement of this Agreement or the transactions contemplated hereby, 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 in GAAP or regulatory accounting principles after the date hereof, or (G) earthquakes, hurricanes or other natural disasters (except, in the cases of (A), (B), (E) and (F), to the extent the Company and its Subsidiaries are disproportionately adversely affected relative to other companies in its industry or segment).

"Net Asset Amount" shall mean the amount that is equal to (i) the total assets of the Company and its Subsidiaries as of and including the Closing Date, minus (ii) the total liabilities of the Company and its Subsidiaries as of and including the Closing Date, in each case without duplication and calculated in accordance with GAAP.

"Non-Compete Agreements" shall mean, collectively, the General Non-Compete Agreements and the Key Employee Non-Compete Agreement.

"Operating Agreement" shall mean the Operating Agreement, in the form set forth on Exhibit B.

"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 aggregate percentage of the total number of Company Shares, Company Vested Options and Company Unvested Options outstanding that is owned by each Stockholder, as set forth across from such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2).

"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 the Company'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 reflected in the Financial Statements, and (iii) Liens for Taxes not yet due and payable or delinquent and for which there are adequate reserves in the Financial Statements.

"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 the portion of a Straddle Period ending on the Closing Date.

"Purchaser Common Stock" shall mean the common stock, par value $0.01 per share, of the Purchaser.

"Purchaser Plan" shall mean the Purchaser's 2007 Incentive Compensation Plan.

"Purchaser Plan Restrictions" shall mean, with regard to any shares of Restricted Stock, all restrictions imposed on such shares pursuant to the Purchaser Plan and the award agreement governing such share or shares, including, without limitation, that (i) when used in Section 2.2(b) hereof, one third of such shares will vest on the first anniversary of the Closing Date, the second third of such shares will vest on the second anniversary of the Closing Date, and the final third of such shares will vest on the third anniversary of the Closing Date and (ii) when used anywhere else in this Agreement, one third of such shares will vest on the first anniversary of the grant date, the second third of such shares will vest on the second anniversary of the grant date, and the final third of such shares will vest on the third anniversary of the grant date, in all cases only to the extent the holder of such shares remains an employee with the Purchaser or one of its Affiliates on such dates.

"Release" shall mean any release, pumping, pouring, emptying, injecting, escaping, leaching, migrating, dumping, seepage,

spill, leak, flow, discharge, disposal or emission.

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

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

"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. For purposes of this Agreement, "Taxes" also includes any liability pursuant to Treasury Regulation Section 1.1502-6 or comparable provisions of state, local or foreign Tax Law, any obligation under any agreement or arrangement with any Person with respect to the liability for, or sharing of, Taxes (including pursuant to Treasury Regulation Section 1.1502-6 or comparable provisions of state, local or foreign Tax Law) and any liability for Taxes as a transferee or successor, by contract or otherwise.

"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.

"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 Purchaser Common Stock, that such share or shares may not be Transferred to any Person under any circumstances except, (1) with the written consent of the Purchaser, (2) pursuant to a tender offer within the meaning of the Securities Exchange Act of 1934, as amended, for any or all of the Purchaser 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 the Purchaser, or (4) through an involuntary transfer pursuant to operation of Law, subject to the expiration of any such Transfer Restrictions as set forth in Article II hereof.

"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).

"Unvested Stockholders" shall mean all of those Stockholders listed on Exhibit A as owning Company Unvested Options as related to such Company Unvested Options.

"Vested Stockholders" shall mean all of those Stockholders listed on Exhibit A as owning Company Shares and/or Company Vested Options as related to such Company Shares and/or Company Vested Options.

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

Term	Section
Act	Section 5.2(e)(i)
Actual Net Asset Amount	Section 2.6(a)
Agreement	Preamble
Audited Financial Statements	Section 4.11(a)

Benefit Plan	Section 4.24(a)
Cash Purchase Price to Vested Stockholders	Section 2.2(a)
Claims Notice	Section 10.1(a)
Closing	Section 3.1
Closing Date	Section 3.1
Closing Date Balance Sheet	Section 2.6(c)
Company	Preamble
Company Contracts	Section 4.17(a)
Company Data	Section 4.28(b)
Company IT Systems	Section 4.28(a)
Company Leases	Section 4.22(b)
Company Shares	Recitals
Confidential Information	Section 7.6
Confidentiality Agreements	Section 7.2
Deductible	Section 10.6(a)
ERISA	Section 4.24(a)
ERISA Affiliate	Section 4.24(d)
Excess Debt	Section 2.6(b)
Financial Statements	Section 4.11(b)
FIRPTA Certificate	Section 8.2(g)
General Non-Compete Agreements	Section 3.3(e)
Indemnification Cap	Section 10.6(a)
Indemnified Parties	Section 10.3(a)
Indemnifying Party	Section 10.3(a)
Key Employee Non-Compete Agreements	Section 3.3(d)
Most Recent Financial Statements	Section 4.11(b)
Pension Plan	Section 4.24(a)
Personnel	Section 4.14
Post-Closing Excess Debt Payment	Section 2.6(b)
Preliminary Closing Date Balance Sheet	Section 2.6(c)
Principal Stockholders	Preamble
Proceedings	Section 4.9
Prohibited Transaction	Section 5.8
Publicly Available Software	Section 4.28(c)
Purchase Price	Section 2.2(b)
Purchase Price to Vested Stockholders	Section 2.2(a)
Purchaser	Preamble
Purchaser Indemnified Parties	Section 10.2(a)
Purchaser SEC Reports	Section 6.7(a)
Related Party	Section 4.16
Released Matters	Section 11.13
Released Party	Section 11.13
Representation Letter	Section 2.4(a)
Representatives	Section 7.1
Reviewing Accountants	Section 2.6(d)
Section 409A	Section 2.3(f)
Share Purchase Price to Unvested Stockholders	Section 2.2(b)
Share Purchase Price to Vested Stockholders	Section 2.2(a)
Stockholder Indemnified Parties	Section 10.2(b)
Stockholder Representative	Preamble
Stockholder(s)	Preamble
Target Net Asset Amount	Section 2.6(a)
Transaction	Recitals
Welfare Plan	Section 4.24(a)
Wire Instructions	Section 3.2

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

ARTICLE II

PURCHASE AND SALE OF THE SHARES

Section 2.1 Purchase and Sale of the Shares. On the terms and subject to the conditions set forth herein, at the Closing as described in Article III hereof, each of the Stockholders shall sell, transfer, convey, assign and deliver to the Purchaser (or one or more direct or indirect Subsidiaries of the Purchaser as the Purchaser may designate; provided that the Purchaser remains obligated under this Agreement) all of the Company Shares set forth opposite such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2) hereto, and the Purchaser (or one or more designees of the Purchaser) shall purchase and acquire from the Stockholders, all right, title and interest in the Company Shares, free and clear of any and all Liens. Furthermore, on the terms and subject to the conditions set forth herein, the Company and each Stockholder that holds Company Vested Options and/or Company Unvested Options consents and agrees that all such Company Vested Options and Company Unvested Options shall be cancelled as of the Closing in exchange for such Stockholder's portion of the Purchase Price and any right to participate in the Earn-out Payments, as the case may be, in accordance with this Article II.

Section 2.2 Purchase Price.

(a) In consideration of the conveyance of the Company Shares to the Purchaser and the cancellation of the Company Vested Options, and subject to the terms and conditions hereof, the Purchaser shall pay to the Vested Stockholders, in the amounts and as set forth on Exhibit A, an aggregate of $10,000,000 in cash (the "Cash Purchase Price to Vested Stockholders") and 2,676,437 shares of Purchaser Common Stock (the " Share Purchase Price to Vested Stockholders" and, together with the Cash Purchase Price to Vested Stockholders, the "Purchase Price to Vested Stockholders"), which shares shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Closing, the second third of such shares on the second anniversary of the Closing and the final third of such shares on the third anniversary of the Closing. Furthermore, each such Vested Stockholder also shall have the right hereunder to receive the Earn-out Payments to Vested Stockholders in accordance with the terms of this Article II, and subject to the other terms of this Agreement.

(b) In consideration of the cancellation of the Company Unvested Options, and subject to the terms and conditions hereof, the Purchaser shall pay on January 2, 2009 to the Unvested Stockholders, with respect to the Company Unvested Options respectively held by such Unvested Stockholders and in the amounts and as set forth on Exhibit A, an aggregate of 323,563 shares of Restricted Stock (as such term is defined in the Purchaser Plan) from the Purchaser Plan (the "Share Purchase Price to Unvested Stockholders" and, together with the Purchase Price to Vested Stockholders, the "Purchase Price"), which shares shall be subject to Purchaser Plan Restrictions. For the avoidance of doubt, any shares of Restricted Stock that make up part of the Share Purchase Price to Unvested Stockholders that are forfeited pursuant to the terms of the Purchaser Plan shall be

reissued to Vested Stockholders, as shares of Purchaser Common Stock subject to Transfer Restrictions and not as Restricted Stock from the Purchaser Plan subject to Purchaser Plan Restrictions, in accordance with the last sentence of Section 2.4(a), 2.4(b), 2.4(c) or 2.4(d), as applicable, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Closing Date, the second third of such shares on the second anniversary of the Closing Date and the final third of such shares on the third anniversary of the Closing Date. Furthermore, each such Unvested Stockholder also shall have the right hereunder to participate in the Earn-out Payments to Unvested Stockholders in accordance with the terms of this Article II, and subject to the other terms of this Agreement.

Section 2.3 Earn-out Payments to Unvested Stockholders.

(a) 2008 Earnout to Unvested Stockholders. In the event that ECM earns an ECM Profit during the fourth quarter of ECM's 2008 fiscal year, then the Purchaser shall pay into an employee bonus pool for the benefit of the Unvested Stockholders who are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2008 fiscal year (to be allocated among such Unvested Stockholders pursuant to each such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" set forth across from such Unvested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2)) 18.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, which amount shall be paid into the bonus pool on the tenth day after the Announcement Date for the 2008 fiscal year, 50% of which shall be paid in cash and 50% of which shall be paid in shares of Restricted Stock from the Purchaser Plan, valued as set forth in the Purchaser Plan and subject to Purchaser Plan Restrictions. In the event that any Unvested Stockholder who would have otherwise been eligible, if employed by the Purchaser or any of its Affiliates on the Announcement Date for the 2008 fiscal year, to receive a portion of any payment made by the Purchaser into the bonus pool pursuant to this Section 2.3(a) is no longer an employee of the Purchaser or any of its Affiliates on the Announcement Date for the 2008 fiscal year for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the Announcement Date for the 2008 fiscal year), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" shall instead be forfeited and reallocated pro rata among the Unvested Stockholders that are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2008 fiscal year. The Purchaser shall cause the distribution of the Restricted Stock and cash payment to an Unvested Stockholder entitled thereto to be made by the earlier of the last day of fiscal year 2009 or the tenth day after the Announcement Date for fiscal year 2008.

(b) 2009 Earnout to Unvested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2009 fiscal year, then the Purchaser shall pay into an employee bonus pool for the benefit of the Unvested Stockholders who are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2009 fiscal year (to be allocated among such Unvested Stockholders pursuant to each such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" set forth across from such Unvested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2)) 18.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year and ECM's entire 2009 fiscal year, taken together, less any amounts previously paid into the bonus pool in accordance with Section 2.3(a), which amount shall be paid into the bonus pool on the tenth day after the Announcement Date for the 2009 fiscal year, 50% of which shall be paid in cash and 50% of which shall be paid in shares of Restricted Stock from the Purchaser Plan, valued as set forth in the Purchaser Plan and subject to Purchaser Plan Restrictions. In the event that any Unvested Stockholder who would have otherwise been eligible, if employed by the Purchaser or any of its Affiliates on the Announcement Date for the 2009 fiscal year, to receive a portion of any payment made by the Purchaser into the bonus pool pursuant to this Section 2.3(b) is no longer an employee of the Purchaser or any of its Affiliates on the Announcement Date for the 2009 fiscal year for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the Announcement Date for the 2009 fiscal year), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" shall instead be forfeited and reallocated pro rata among the Unvested Stockholders that are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2009 fiscal year. The Purchaser shall cause the distribution of the Restricted Stock and cash payment to an Unvested Stockholder entitled thereto to be made by the earlier of the last day of fiscal year 2010 or the tenth day after the Announcement Date for fiscal year 2009.

(c) 2010 Earnout to Unvested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2010 fiscal year, then the Purchaser shall pay into an employee bonus pool for the benefit of the Unvested Stockholders who are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2010 fiscal year (to be allocated among such Unvested Stockholders pursuant to each such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" set forth across from such Unvested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2)) 18.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year and ECM's entire 2010 fiscal year, taken together, less any amounts previously paid into the bonus pool in accordance with Sections 2.3(a) and 2.3(b), which amount shall be paid into the bonus pool on the tenth day after the Announcement Date for the 2010 fiscal year, 50% of which shall be paid in cash and 50% of which shall be paid in shares of Restricted Stock from the Purchaser Plan, valued as set forth in the Purchaser Plan and subject to Purchaser Plan Restrictions. In the event that any Unvested Stockholder who would have otherwise been eligible, if employed by the Purchaser or any of its Affiliates on the Announcement Date for the 2010 fiscal year, to receive a portion of any payment made by the Purchaser into the bonus pool pursuant to this Section 2.3(c)

is no longer an employee of the Purchaser or any of its Affiliates on the Announcement Date for the 2010 fiscal year for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the Announcement Date for the 2010 fiscal year), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" shall instead be forfeited and reallocated pro rata among the Unvested Stockholders that are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2010 fiscal year. The Purchaser shall cause the distribution of the Restricted Stock and cash payment to an Unvested Stockholder entitled thereto to be made by the earlier of the last day of fiscal year 2011 or the tenth day after the Announcement Date for fiscal year 2010.

(d) 2011 Earnout to Unvested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2011 fiscal year, then the Purchaser shall pay into an employee bonus pool for the benefit of the Unvested Stockholders who are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2011 fiscal year (to be allocated among such Unvested Stockholders pursuant to each such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" set forth across from such Unvested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2)) 18.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year, ECM's entire 2010 fiscal year and ECM's entire 2011 fiscal year, taken together, less any amounts previously paid into the bonus pool in accordance with Sections 2.3(a), 2.3(b) and 2.3(c), which amount shall be paid into the bonus pool on the tenth day after the Announcement Date for the 2011 fiscal year, 50% of which shall be paid in cash and 50% of which shall be paid in shares of Restricted Stock from the Purchaser Plan, valued as set forth in the Purchaser Plan and subject to Purchaser Plan Restrictions. In the event that any Unvested Stockholder whowould have otherwise been eligible, if employed by the Purchaser or any of its Affiliates on the Announcement Date for the 2011 fiscal year, to receive a portion of any payment made by the Purchaser into the bonus pool pursuant to this Section 2.3(d) is no longer an employee of the Purchaser or any of its Affiliates on the Announcement Date for the 2011 fiscal year for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the Announcement Date for the 2011 fiscal year), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" shall instead be forfeited and reallocated pro rata among the Unvested Stockholders that are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2011 fiscal year. The Purchaser shall cause the distribution of the Restricted Stock and cash payment to an Unvested Stockholder entitled thereto to be made by the earlier of the last day of fiscal year 2012 or the tenth day after the Announcement Date for fiscal year 2011.

(e) Additional Earnout to Unvested Stockholders. If the aggregate ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year, ECM's entire 2010 fiscal year and ECM's entire 2011 fiscal year, taken together and reduced by any and all ECM Losses incurred in any such period, exceeds $15,000,000, then the Purchaser shall pay 9.45% of such excess into an employee bonus pool for the benefit of the Unvested Stockholders who are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2011 fiscal year, to be allocated among such Unvested Stockholders pursuant to each such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" set forth across from such Unvested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2). Such amount shall be paid into the bonus pool on the tenth day after the Announcement Date for the 2011 fiscal year, 50% of which shall be paid in cash and 50% of which shall be paid in shares of Restricted Stock from the Purchaser Plan, valued as set forth in the Purchaser Plan and subject to Purchaser Plan Restrictions. In the event that any Unvested Stockholder who would have otherwise been eligible, if employed by the Purchaser or any of its Affiliates on the Announcement Date for the 2011 fiscal year, to receive a portion of any payment made by the Purchaser into the bonus pool pursuant to this Section 2.3(e) is no longer an employee of the Purchaser or any of its Affiliates on the Announcement Date for the 2011 fiscal year for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the Announcement Date for the 2011 fiscal year), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Earn-out Ratio for Unvested Stockholders" shall instead be forfeited and reallocated pro rata among the Unvested Stockholders that are employed by the Purchaser or one of its Affiliates on the Announcement Date for the 2011 fiscal year. The Purchaser shall cause the distribution of the Restricted Stock and cash payment to an Unvested Stockholder entitled thereto to be made by the earlier of the last day of fiscal year 2012 or the tenth day after the Announcement Date for fiscal year 2011.

(f) Code Section 409A Compliance. It is the intention of the Purchaser that the payments or benefits to which an Unvested Stockholder could be entitled pursuant to this Section 2.3 or otherwise in this Agreement comply with Code Section 409A of the Code, the Treasury regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, after application of all available exemptions, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If an Unvested Stockholder or the Purchaser reasonably believes, at any time, that any such payment or benefit that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to attempt to amend the terms of such payments and benefits such that they comply with Section 409A or are exempt from Section 409A (with the most limited possible economic effect on the Unvested Stockholder and the Purchaser).

Section 2.4 Earn-out Payments to Vested Stockholders.

(a) 2008 Earnout to Vested Stockholders. In the event that ECM earns an ECM Profit during the fourth quarter of ECM's 2008 fiscal year, then the Purchaser shall pay to the Vested Stockholders 85.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, payable on the Announcement Date for the 2008 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the Announcement Date for the 2008 fiscal year (subject, in the case of each Vested Stockholder, to such Vested Stockholder delivering a duly executed Representation Letter in the form attached hereto as Exhibit C (the "Representation Letter") dated as of the Announcement Date for the 2008 fiscal year), which Purchaser Common Stock shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Announcement Date for the 2008 fiscal year, the second third of such shares on the second anniversary of the Announcement Date for the 2008 fiscal year, and the final third of such shares on the third anniversary of the Announcement Date for the 2008 fiscal year. Any payments pursuant to this Section 2.4(a) shall be in addition to any shares of Purchaser Common Stock which are reissued pursuant to Section 2.2(b), which shares shall be issuable on the Announcement Date for the 2008 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2).

(b) 2009 Earnout to Vested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2009 fiscal year, then the Purchaser shall pay to the Vested Stockholders 85.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year and ECM's entire 2009 fiscal year, taken together, less any amounts previously paid to the Vested Stockholders in accordance with Section 2.4(a), payable on the Announcement Date for the 2009 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the Announcement Date for the 2009 fiscal year (subject, in the case of each Vested Stockholder, to such Vested Stockholder delivering a duly executed Representation Letter dated as of the Announcement Date for the 2009 fiscal year), which Purchaser Common Stock shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Announcement Date for the 2009 fiscal year, the second third of such shares on the second anniversary of the Announcement Date for the 2009 fiscal year, and the final third of such shares on the third anniversary of the Announcement Date for the 2009 fiscal year. Any payments pursuant to this Section 2.4(b) shall be in addition to any shares of Purchaser Common Stock which are reissued pursuant to Section 2.2(b), which shares shall be issuable on the Announcement Date for the 2009 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2).

(c) 2010 Earnout to Vested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2010 fiscal year, then the Purchaser shall pay to the Vested Stockholders 85.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year and ECM's entire 2010 fiscal year, taken together, less any amounts previously paid to the Vested Stockholders in accordance with Section 2.4(a) and 2.4(b), payable on the Announcement Date for the 2010 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the Announcement Date for the 2010 fiscal year (subject, in the case of each Vested Stockholder, to such Vested Stockholder delivering a duly executed Representation Letter dated as of the Announcement Date for the 2010 fiscal year), which Purchaser Common Stock shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Announcement Date for the 2010 fiscal year, the second third of such shares on the second anniversary of the Announcement Date for the 2010 fiscal year, and the final third of such shares on the third anniversary of the Announcement Date for the 2010 fiscal year. Any payments pursuant to this Section 2.4(c) shall be in addition to any shares of Purchaser Common Stock which are reissued pursuant to Section 2.2(b), which shares shall be issuable on the Announcement Date for the 2010 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2).

(d) 2011 Earnout to Vested Stockholders. In the event that ECM earns an ECM Profit during ECM's 2011 fiscal year, then the Purchaser shall pay to the Vested Stockholders 85.9% of an aggregate of up to $15,000,000 of ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year, ECM's entire 2010 fiscal year, and ECM's entire 2011 fiscal year, taken together, less any amounts previously paid to the Vested Stockholders in accordance with Section 2.4(a), 2.4(b) and 2.4(c), payable on the Announcement Date for the 2011 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in shares of Purchaser

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Common Stock valued at the Average Purchaser Share Price as of the Announcement Date for the 2011 fiscal year (subject, in the case of each Vested Stockholder, to such Vested Stockholder delivering a duly executed Representation Letter dated as of the Announcement Date for the 2011 fiscal year), which Purchaser Common Stock shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Announcement Date for the 2011 fiscal year, the second third of such shares on the second anniversary of the Announcement Date for the 2011 fiscal year, and the final third of such shares on the third anniversary of the Announcement Date for the 2011 fiscal year. Any payments pursuant to this Section 2.4(d) shall be in addition to any shares of Purchaser Common Stock which are reissued pursuant to Section 2.2(b), which shares shall be issuable on the Announcement Date for the 2011 fiscal year to each Vested Stockholder pursuant to such Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2).

(e) Additional Earnout to Vested Stockholders. If the aggregate ECM Profit for the fourth quarter of ECM's 2008 fiscal year, ECM's entire 2009 fiscal year, ECM's entire 2010 fiscal year and ECM's entire 2011 fiscal year, taken together and reduced by any and all ECM Losses incurred in any such period, exceeds $15,000,000, then the Purchaser shall pay 40.55% of such excess to the Vested Stockholders, payable on the Announcement Date for the 2011 fiscal

year to each Vested Stockholder pursuant to such Vested Stockholder's "Earn-out Ratio for Vested Stockholders" set forth across from such Vested Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the Announcement Date for the 2011 fiscal year (subject, in the case of each Vested Stockholder, to such Vested Stockholder delivering a duly executed Representation Letter dated as of the Announcement Date for the 2011 fiscal year), which Purchaser Common Stock shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Vested Stockholder, be lifted on one-third of such shares on the first anniversary of the Announcement Date for the 2011 fiscal year, the second third of such shares on the second anniversary of the Announcement Date for the 2011 fiscal year, and the final third of such shares on the third anniversary of the Announcement Date for the 2011 fiscal year.

Section 2.5 Change in Control.

(a) In the event that the Purchaser experiences a Change in Control on or before December 31, 2009 then, in addition to any payments already made or owed pursuant to Section 2.3(a) and 2.4(a) hereof, the Purchaser shall, in lieu of the Earn-out Payments contemplated by Section 2.3(b), 2.3(c), 2.3(d), 2.3(e), 2.4(b), 2.4(c), 2.4(d) and 2.4(e), pay to the Stockholders $15,000,000, payable in equal installments on March 1, 2010, March 1, 2011 and March 1, 2012 to each Stockholder pursuant to such Stockholder's "Change in Control Ratio" set forth across from such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in the form of the consideration received by the stockholders of the Purchaser in the Change in Control or, if no consideration is received by the stockholders of Purchaser in such Change in Control, in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the date of the first public announcement of the Change in Control.

(b) In the event that the Purchaser experiences a Change in Control after December 31, 2009 and on or before December 31, 2010 then, in addition to any payments already made or owed pursuant to Sections 2.3(a), 2.3(b), 2.4(a) and 2.4(b) hereof, the Purchaser shall, in lieu of the Earn-out Payments contemplated by Sections 2.3(c), 2.3(d), 2.3(e), 2.4(c), 2.4(d) and 2.4(e), pay to the Stockholders $10,000,000, payable in equal installments on March 1, 2011 and March 1, 2012 to each Stockholder pursuant to such Stockholder's "Change in Control Ratio" set forth across from such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in the form of the consideration received by the stockholders of the Purchaser in the Change in Control or, if no consideration is received by the stockholders of Purchaser in such Change in Control, in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the date of the first public announcement of the Change in Control.

(c) In the event that the Purchaser experiences a Change in Control after December 31, 2010 and on or before December 31, 2011 then, in addition to any payments already made or owed pursuant to Sections 2.3(a), 2.3(b), 2.3(c), 2.4(a), 2.4(b) and 2.4(c) hereof, the Purchaser shall, in lieu of the Earn-out Payments contemplated by Sections 2.3(d), 2.3(e), 2.4(d) and 2.4(e), pay to the Stockholders $5,000,000, payable on March 1, 2012 to each Stockholder pursuant to such Stockholder's "Change in Control Ratio" set forth across from such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2), 50% of which shall be paid in cash and 50% of which shall be paid in the form of the consideration received by the stockholders of the Purchaser in the Change in Control or, if no consideration is received by the stockholders of Purchaser in such Change in Control, in shares of Purchaser Common Stock valued at the Average Purchaser Share Price as of the date of the first public announcement of the Change in Control.

(d) To the extent the consideration received by the stockholders of the Purchaser in a Change of Control consists of shares of the capital stock of any Person, such shares shall be subject to Transfer Restrictions, which Transfer Restrictions shall, for each Stockholder, be lifted on one-third of such shares on each of the first, second and third anniversaries of the relevant payment date. In the event that any Unvested Stockholder that is eligible to receive a portion of any payment made pursuant to Section 2.5(a), 2.5(b) or 2.5(c) is no longer an employee of the Purchaser or its successor entity or any of their Affiliates as of the

relevant payment date for any reason whatsoever (including the death or disability of such Unvested Stockholder prior to the relevant payment date), then the portion of such payment that such Unvested Stockholder would otherwise have been entitled to pursuant to such Unvested Stockholder's "Change in Control Ratio" shall instead be forfeited and reissued pro rata among the Unvested Stockholders that are employed by the Purchaser or its successor entity or one of their Affiliates as of the relevant payment date.

Section 2.6 Post-Closing Purchase Price Adjustment.

(a) Post-Closing Net Asset Amount Payment. Notwithstanding anything to the contrary contained in this Agreement, the parties agree that, as of and on the Closing Date, the value of the Net Asset Amount of the Company shall be no less than $2,600,000 (the "Target Net Asset Amount"). In the event the actual Net Asset Amount on the Closing Date, as determined pursuant to Section 2.6(c) hereof and Section 2.6(d) hereof (the "Actual Net Asset Amount"), is less than the Target Net Asset Amount, the Stockholders shall pay to the Purchaser, within three (3) Business Days of the final determination of the Actual Net Asset Amount pursuant to Section 2.6(c) hereof and Section 2.6(d) hereof, the amount of such shortfall, in the manner set forth in Section 2.6(a) of the Disclosure Schedule and pursuant to such Stockholder's "True-up Ratio" set forth across from such Stockholder's name on Exhibit A (as it may be revised pursuant to Section 3.2). In the event the Actual Net Asset Amount is greater than the Target Net Asset Amount, the Purchaser shall pay each Stockholder, in the proportion to such Stockholder's Ownership Percentage as set forth on Exhibit A (as it may be revised pursuant to Section 3.2), by wire transfer in immediately available funds within three (3) Business Days of the final determination of the Actual Net Asset Amount pursuant to Section 2.6(c) hereof and Section 2.6(d) hereof, the amount of such excess.

(b) Post-Closing Debt Adjustment. Notwithstanding anything to the contrary contained in this Agreement, the parties agree that, as of and on the Closing Date, the Company's Debt shall be equal to Zero Dollars ($0). In the event that Actual Debt is greater than Zero Dollars ($0) (such amount, "Excess Debt") as determined pursuant to Section 2.6(c) hereof and Section 2.6(d) hereof, each Stockholder shall be severally but not jointly liable to the Purchaser for an amount equal to such Excess Debt multiplied by such Stockholder's True-up Ratio as set forth on Exhibit A (as it may be revised pursuant to Section 3.2) and shall pay by wire transfer in immediately available funds to the Purchaser an amount equal to such amount to an account designated by the Purchaser within three (3) Business Days of the final determination of the amount of Actual Debt (the "Post-Closing Excess Debt Payment").

(c) Closing Date Balance Sheet. The Actual Net Asset Amount and the Actual Debt shall be set forth in a closing date balance sheet (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 accordance with the reasonable past practice of the Company. The Purchaser, in conjunction with its independent accountants, shall prepare and present to the Stockholder Representative a draft of the Closing Date Balance Sheet (the "Preliminary Closing Date Balance Sheet") promptly, but not more than sixty (60) days after the Closing Date. The Stockholder Representative and its independent accountants shall have the right to observe and participate in the preparation of the Preliminary Closing Date Balance Sheet and, during such sixty (60) day period, the Purchaser shall provide the Stockholder Representative and its independent accountants and other authorized representatives with reasonable access to the Company's facilities, books and records and its personnel and accountants; provided, however, that (i) such observation, participation and access shall not unreasonably interfere with the business operations of the Purchaser or its Subsidiaries; (ii) the Purchaser 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) the Purchaser need not supply any Person with any information which, in the reasonable judgment of the Purchaser, the Purchaser is under a legal obligation not to supply. The Stockholders will use their reasonable best efforts to cooperate with the Purchaser in the preparation of such Preliminary Closing Date Balance Sheet.

(d) Post-Closing Adjustment Disputes. The Stockholder Representative shall notify the Purchaser of any dispute with the Preliminary Closing Date Balance Sheet, identifying with specificity the disputed calculations, in writing promptly, but not more than thirty (30) days after its receipt by the Stockholder Representative. If the parties cannot agree on the terms of the Preliminary Closing Date Balance Sheet within thirty (30) days after the Stockholder Representative has notified the Purchaser of the dispute in writing regarding the Preliminary Closing Date Balance Sheet, the parties shall submit the dispute to a mutually acceptable independent "Big Four" accounting firm (the "Reviewing Accountants"), whose determination of the Actual Net Asset Amount and the Actual Debt shall be binding on the parties. The fees of such Reviewing Accountants shall be borne by the Purchaser if an adjustment is made in favor of the Stockholders and by the Stockholders if no adjustment or an adjustment in the Purchaser's favor is made. The Preliminary Closing Date Balance Sheet, together with any adjustments or corrections agreed upon by the Purchaser and the Stockholder Representative and/or determined by the Reviewing Accountants, shall comprise the final Closing Date Balance Sheet.

Section 2.7 Imputed Interest. The parties hereto shall treat such portion of any payment to the Stockholders under this Agreement as imputed interest to the extent required pursuant to Section 483 or Section 1274 of the Code.

Section 2.8 Withholding. The Purchaser (and, after the Closing, at the Purchaser's election, the Company) shall be entitled to

deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it reasonably determines it should deduct and withhold with respect to the making of such payment under the Code and the rules and Treasury Regulations promulgated thereunder, or any provision of state, local or foreign Tax Law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Authority, including any Taxing Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made by the Purchaser (or the Company, as applicable). The Purchaser and the Stockholders shall cooperate and work in good faith to eliminate or minimize any such withholding.

ARTICLE III

CLOSING

Section 3.1 Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, New York 10019, no later than three (3) Business Days following the satisfaction or waiver of the conditions set forth in this Article III (other than conditions which, by their nature, are to be satisfied at the Closing, but subject to such conditions), or at such other time and place and on such other date as the Purchaser and the Stockholders shall agree (the "Closing Date").

Section 3.2 Deliveries Prior to Closing. The Stockholder Representative shall deliver or cause to be delivered on behalf of all Stockholders not later than two (2) Business Days prior to the Closing Date (a) a revised and restated Exhibit A as of that date, listing each Stockholder, his, her or its Ownership Percentage, the number of Company Shares, Company Vested Options and Company Unvested Options held by each such Stockholder, the amount of the Cash Purchaser Price to Vested Stockholders, the Share Purchase Price to Vested Stockholders and the Share Purchaser Price to Unvested Stockholders to be received by each such Stockholder, and the "Change in Control Ratio," "True-up Ratio," "Earn-out Ratio for Vested Stockholders" and "Earn-out Ratio for Unvested Stockholders" of each such Stockholder, in each case updated to reflect any and all changes to Exhibit A after the date hereof, including, without limitation, any and all exercises of Company Vested Options, and (b) a written notice to the Purchaser designating an account to which the Purchaser shall wire the Cash Purchase Price (the "Wire Instructions"). The Stockholder Representative shall be responsible for distributing the Cash Purchase Price to the Vested Stockholders as set forth on Exhibit A (as it may be revised pursuant to this Section 3.2).

Section 3.3 Stockholders' Deliveries at Closing. At the Closing the Stockholders shall deliver or cause to be delivered the following:

(a) to the Purchaser, certificates representing the Company Shares owned by each Stockholder that is a signatory to this Agreement (either as an original signatory hereto or pursuant to a supplemental agreement agreeing to be bound by the terms and conditions of this Agreement as if he or she were an original signatory hereto) as set forth on Exhibit A (as it may be revised pursuant to Section 3.2), free and clear of any and all Liens, duly endorsed in blank for transfer or accompanied by stock powers duly endorsed in blank and with all appropriate stock transfer tax stamps affixed;

(b) to the Purchaser, all other documents and instruments required to be delivered by the Company or such Stockholder on or prior to the Closing Date pursuant to this Agreement or any Ancillary Agreement to which such Stockholder is or is required to be a party, including, without limitation, those items set forth in Section 8.2 hereof;

(c) to the Purchaser, signed counterparts of the Ancillary Agreements to which the Company and such Stockholder is a party;

(d) to the Purchaser, signed counterparts of the Non-Compete Agreement, in the form set forth on Exhibit D (the "Key Employee Non-Compete Agreements") from Richard J. Prati, Curtis L. Snyder and Richard Brown; and

(e) to the Purchaser, signed counterparts of the Non-Compete Agreement, in the form set forth on Exhibit E (the "General Non-Compete Agreements"), from (i) Robert Sanderson and Bradley Gastwirth and (ii) at least 31 of the 41 Persons listed in Section 3.3(e) of the Disclosure Schedule.

Section 3.4 Purchaser Deliveries at Closing. At the Closing the Purchaser shall deliver or cause to be delivered the following:

(a) the Cash Purchase Price by wire transfer of immediately available funds to the account set forth in the Wire Instructions;

(b) the Share Purchase Price to Vested Stockholders, allocated to each Stockholder as set forth on Exhibit A (as it may be revised pursuant to Section 3.2);

(c) to the Stockholders' Representative, all other documents and instruments required to be delivered by the Purchaser to the Company or the Stockholders on or prior to the Closing Date pursuant to this Agreement or any Ancillary Agreement under which the Purchaser is or is required to be a party, including, without limitation, those set forth in Section 8.3 hereof; and

(d) to the Stockholder Representative, signed counterparts of the Ancillary Agreements to which the Purchaser is a party.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE PRINCIPAL STOCKHOLDERS

The Company and each of the Principal Stockholders represents and warrants as of the date hereof and as of the Closing Date as follows:

Section 4.1 Organization and Good Standing; Charter Documents. The Company and its Subsidiaries are duly incorporated, validly existing and in good standing under the Laws of the jurisdiction of its incorporation 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 are 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 the Purchaser 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. 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 as set forth in Section 4.3 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 the Company or any of its Subsidiaries in connection with the execution and delivery by the Company of this Agreement or any Ancillary Agreement to which the Company is a party, the performance by the Company of its obligations hereunder or thereunder and the consummation of the transactions contemplated hereby or thereby. Neither the execution and delivery of this Agreement or any Ancillary Agreement to which the Company is a party by the Company nor the consummation by the Company of the transactions contemplated hereby or thereby nor compliance by the Company with any of the provisions hereof or thereof 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 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 (i) are currently being

operated in compliance in all material respects with all Permits and applicable Laws and (ii) have always been operated in compliance with all Permits and applicable Laws except, in the case of clause (ii), 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 (i) 15,000 shares of Company Common Stock, of which 2,424 shares are issued and outstanding and held by the Stockholders in the amounts set forth in Exhibit A hereto, and (ii) 5,000 shares of preferred stock, par value $0.01 per share, of which no shares are issued and outstanding. 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 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 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 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. Upon the delivery of the Company Shares as provided in Section 3.3 hereof, the Purchaser will be entitled to all the rights of a holder of such Company Shares.

(c) Except as set forth in Section 4.5(c) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has issued any securities in violation of any preemptive or similar rights and there are no subscriptions, options, warrants, calls, commitments, preemptive rights, rights of first refusal, rights of first offer or other rights of any kind (absolute, contingent or otherwise) relating to the issuance, purchase or receipt of, nor are there any securities or instruments of any kind convertible into or exchangeable for, any capital stock (including, without limitation, outstanding, authorized but unissued, unauthorized, treasury or other shares thereof) or other equity interest or any debt security or instrument of the Company or any of its Subsidiaries. Exhibit A sets forth each Company Vested Option and Company Unvested Option and the holder thereof. 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. Each Company Vested Option and each Company Unvested Option has been granted with an exercise price per share of Company Common Stock no less than the fair market value of a share of Company Common Stock on the date of grant, as such fair market value is determined pursuant to Section 409A of the Code, and qualifies for the tax treatment afforded to such Company Vested Option and such Company Unvested Option under the Financial Statements. The Company Vested Options and the Company Unvested Options were granted pursuant to and are subject in all respects to the stock option plan listed on Section 4.24(a) of the Disclosure Schedule.

(d) To the Knowledge of the Company, no more than 15 individuals listed on Exhibit A hereto are not Accredited Investors (as defined in Regulation D promulgated under the Securities Act).

Section 4.6 Accuracy of Stock Purchase Consideration; Capital Structure . Without limiting the Stockholders' right to indemnification from the Purchaser as contemplated by Article X or the Stockholders' other rights under this Agreement, the Purchaser's payment of the Purchase Price, as and when due under the terms hereof and as reflected on Exhibit A (as it may be revised pursuant to Section 3.2), is the only obligation the Purchaser or the Company shall have with respect to the ownership or right to be issued, or otherwise in respect of, any Company Shares under existing agreements or instruments to which the Company is a party.

Section 4.7 No Subsidiaries. Except as set forth in Section 4.7 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 4.7 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 4.8 Minutes; Books and Records.

(a) The Company has made available to the Purchaser 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.

(b) The Company and its Subsidiaries maintain true, complete and accurate books and records which accurately reflect their assets and liabilities, in all material respects.

Section 4.9 Litigation. There is no action, proceeding, claim, suit, opposition, challenge, charge or investigation (collectively, " Proceedings") pending or, to the Knowledge of the Company, threatened, that questions the validity of this Agreement or any Ancillary Agreement or any action taken or to be taken in connection with this Agreement or any Ancillary Agreement. Except as set forth in Section 4.9 of the Disclosure Schedule, there are no 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 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 4.10 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 or the Purchaser, as the case may be, to conduct the Company's and its Subsidiaries' business as currently conducted and as contemplated to be conducted. Immediately following the Closing, none of the Stockholders 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 Purchaser, as the case may be, to conduct the Company's and its Subsidiaries' business as currently conducted and as contemplated to be conducted.

Section 4.11 Financial Statements. The Company has delivered to the Purchaser (a) the audited combined balance sheets of the Company as of December 31, 2007, and the related combined statements of income, common shareholder's equity, and of cash flows of the Company for the year ended December 31, 2007 (the "Audited Financial Statements"), and (b) an unaudited balance sheet of the Company as of July 31, 2008 and the related unaudited statements of income of the Company for the seven months ended July 31, 2008 (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 the Company and its Subsidiaries as of the dates thereof and the results of their operations for the periods covered thereby; provided, however, that the 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.

Section 4.12 Bank Accounts. Section 4.12 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 4.13 Debt. Section 4.13 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 4.14 Absence of Certain Changes. Since December 31, 2007, (a) the Company and its Subsidiaries have been operated 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, (d) 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, and (e) there has been no material damage to or loss or theft of any of the material assets of the Company or any of its Subsidiaries.

Section 4.15 [Intentionally Omitted.]

Section 4.16 Transactions with Affiliates. Except as set forth in Section 4.16 of the Disclosure Schedule, no Related Party (as defined in this Section 4.16) either currently or at any time: (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, 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 4.17 Contracts.

(a) Section 4.17(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 (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 4.17(a) of the Disclosure Schedule) 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) 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 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 confidentiality Contracts;

(viii) all partnership or joint venture Contracts;

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

(x) 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;

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

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

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

(xiv) 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;

(xv) all Contracts which require the Consent of any counterparty thereto in connection with the consummation of the transactions contemplated by this Agreement or any of the Ancillary Agreements;

(xvi) all Contracts under which the Company or any of its Subsidiaries agrees to indemnify any Person or share the Tax liability of any Person; and

(xvii) any other Contract material to the business of the Company or any of its Subsidiaries.

(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, 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, 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 the Purchaser complete and accurate copies of each Company Contract and there has been no material modification, waiver or termination of any Company Contract or any material provision thereto. To the Knowledge of the Company, no modification, waiver or termination of any Company Contract is contemplated. Except as set forth on Section 4.17(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 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 4.18 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 4.19 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 4.19 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 the Purchaser 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, or were instituted or 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 4.20 Accounts Receivable. All Accounts Receivable represent bona fide sales actually made or services actually delivered in the ordinary course of business consistent with past practice and have been billed or invoiced in the ordinary course of business consistent with past practice and in accordance with all applicable Laws.

Section 4.21 Absence of Certain Business Practices. Neither the Company, nor any of its Subsidiaries, nor any Affiliate, 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 the Purchaser to suit or penalty in any private or governmental litigation or proceeding.

Section 4.22 Real Property; Title; Valid Leasehold Interests.

(a) Neither the Company nor any of its Subsidiaries owns or has owned in the five (5) 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 the Purchaser 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 (" 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.

(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 reasonable likely to interfere with the operations of the Company's or any of its Subsidiaries' business in any material respect.

Section 4.23 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 4.24 Employee Benefits.

(a) Section 4.24(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 the Purchaser 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 the Purchaser 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 "remedial amendment period" as defined in Rev. Proc. 2007-44, 2007-28 IRB 54 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. There are no circumstances or events 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 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. 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 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

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with the existence, operation or administration of a Benefit Plan. To the Knowledge of the Company, with respect to each Benefit Plan, there has not occurred, and no Person 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 have a material effect.

(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 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 4.25 Employees.

(a) The Company has delivered to the Purchaser a true and correct schedule setting forth (i) the name, title and total compensation 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 and any accrual for such bonuses and incentive compensation 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 or director of the Company or any of its Subsidiaries or any employee, consultant or agent 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 (i) adversely affect 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 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 4.26 Taxes and Tax Returns. Except as set forth in Section 4.26 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 Have been timely filed (taking into account valid extensions of the time for filing). All such Tax Returns (i) were prepared in the manner required by applicable Law, (ii) are true, complete and accurate in all material respects and (iii) accurately reflect the liability for Taxes of the Company and the Company's Subsidiaries. True, complete and accurate copies of all federal, state, local and foreign Tax Returns of or including the Company and the Company's Subsidiaries filed in the previous three (3) years have been provided to the Purchaser 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, 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 Taxes not yet due and payable. Since December 31, 2007, 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 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 Tax Returns of or relating to the Company or any of the Company's Subsidiaries has been audited by the IRS or any state, local or foreign Taxing Authority and no adjustment relating to any Tax Return of or including the Company or any of the Company's Subsidiaries or its assets or operations has been proposed or threatened formally or informally 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 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 Tax Return was or is to be filed by or with respect to the Company or any of the Company's Subsidiaries is in force, and no 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 to any Person with respect to any Taxes.

(h) Neither the Company nor any of the Company's Subsidiaries is a party to any contract, agreement, plan or arrangement relating to allocating or sharing the payment of, indemnity for, or liability for, Taxes.

(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.

(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.

(k) At all times during their existence, the Company and the Company's Subsidiaries have been C corporations for U.S. federal income tax purposes, and neither the Company nor any of the Company's Subsidiaries has been includible 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 was the common parent).

(l) 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.

(m) 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, (ii) any change in method of accounting for a taxable period ending on or before the Closing Date, or (iii) any intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any comparable provision of state, local or foreign Tax law).

Section 4.27 Intellectual Property Rights.

(a) Section 4.27(a) of the Disclosure Schedule lists all registered or otherwise material Owned Company Intellectual Property (other than Trade Secrets).

(b) Except as set forth in Section 4.27(b) of the Disclosure Schedule, (A) all registrations for Owned Company Intellectual Property are valid and in force, (B) all applications to register any unregistered Owned Company Intellectual Property Rights are pending and in good standing, all without challenge; and (C) following the Closing the Purchaser will have the sole and exclusive right to bring actions for infringement, dilution, misuse, misappropriation, or unauthorized use of the Owned Company Intellectual Property. 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 Owned Company Intellectual Property.

(c) Each item of Company Intellectual Property is either: (i) owned solely by the Company or any of its Subsidiaries free and clear of any Liens (and is listed in the records of the appropriate U.S. and/or foreign governmental agencies as the sole and exclusive owner of record for each registration, grant and application listed in Section 4.27(b) of the Disclosure Schedule); 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) Except as set forth in Section 4.27(d) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is obligated to provide (i) any consideration (whether financial or otherwise) to any third party, nor is any third party otherwise entitled to any consideration, with respect to any exercise of rights by the Company or any of its Subsidiaries in the Company Intellectual Property or (ii) indemnification with respect to any Company Intellectual Property it has licensed or otherwise provided to a third party.

(e) To the Knowledge of the Company, 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 Owned Company Intellectual Property or any 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 Owned Company Intellectual Property or any 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 Owned Company Intellectual Property or any Company Intellectual Property licensed exclusively to the Company or any of its Subsidiaries in any field of use.

(f) The Company and its Subsidiaries have taken commercially reasonable measures to protect the confidentiality of any Trade Secrets included in the Company Intellectual Property. The Company and its Subsidiaries have not divulged, furnished to or made accessible to any Person, any Trade Secrets included in the Company Intellectual Property without prior thereto having obtained an enforceable written agreement of confidentiality from such Person. All personnel employed by the Company and its Subsidiaries and consultants and employees of consultants who have had access to any Trade Secrets included in the Company Intellectual Property have signed enforceable written confidentiality agreements and such personnel, consultants and employees of consultants are in compliance therewith.

(g) The Company and its Subsidiaries have obtained from all individuals who participated in any respect in the invention or authorship of any Owned Company Intellectual Property (as employees of the Company or any of its Subsidiaries, as consultants, as employees of consultants or otherwise) effective waivers of any and all ownership rights of such individuals in such Owned Company Intellectual Property, and assignments to the Company of all rights with respect thereto. No officer or employee of the Company or any of its Subsidiaries is subject to any agreement with any other Person which requires such officer or employee to assign any interest in inventions or other Intellectual Property or keep confidential any Trade Secrets, proprietary data, customer lists or other business information of the Company or any of its Subsidiaries or which restricts such officer or employee from engaging in competitive activities or solicitation of customers; except to the extent such agreement has not had or would not reasonably be expected to have a Material Adverse Effect.

Section 4.28 Information Technology; Security & Privacy.

(a) All 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 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 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 breach of any Contract related to any Company IT System or is aware of any event which, with the passage of time or the giving of notice, or both, would constitute a breach of any Contract related to any Company IT System.

(b) All right, title and interest in and to the data contained in any databases of the Company or any of its Subsidiaries (including any Trade Secrets and Personal Information) and all other information and data compilations used by, or necessary to the business of the Company or any of its Subsidiaries (collectively, the "Company Data") is owned by the Company, free and clear of all Liens, and is not subject to any Contract granted to or by the Company or any of its Subsidiaries. The Company and its Subsidiaries have all necessary and required rights to license, use, sublicense and distribute the data contained in the Company Data, including in connection with the operation of the Company IT Systems.

(c) To the Knowledge of the Company, there are no viruses, "Trojan horses", "time bombs", lock-out mechanisms, disabling code or other malicious code in any Software included in the Company Intellectual Property or in any Company IT Systems or any other defects that will prevent any Software included in the Company Intellectual Property or Company IT Systems from performing in all material respects the tasks and functions that the foregoing were intended to perform. The Owned Company Intellectual Property does not include any "open source" Software or Software licensed under any form of general public license ("Publicly Available Software") and neither the Company, nor any of its Subsidiaries has used Publicly Available Software in whole or in part in the development of any part of Owned Company Intellectual Property in a manner that may subject the Company or any of its Subsidiaries or any Owned Company Intellectual Property, in whole or in part, to all or part of the license obligations of any Publicly Available Software.

(d) The Company and its Subsidiaries have established and are in compliance with a written information security program (i) that includes administrative, technical and physical safeguards designed to safeguard the security, confidentiality, and integrity of transactions and confidential or proprietary Company Data, including Personal Information, and (ii) is designed to protect against unauthorized access to the Company IT Systems or Company Data and the systems of any third Person service providers that have access to (A) Company Data or (B) Company IT Systems. Neither the Company nor any of its Subsidiaries has suffered a security breach with respect to the Company Data in the last five (5) years. Neither the Company nor any of its Subsidiaries has notified any Person of any information security breach involving Personal Information. The Company and its Subsidiaries are in material compliance with all privacy policies of the Company and its Subsidiaries and all applicable Laws related to information privacy and security, including Regulation S-P promulgated under section 504 of the Gramm-Leach-Bliley Act, and the collection, use, disposal, disclosure, maintenance and transmission of Personal Information. Neither the Company nor any of its Subsidiaries is prohibited by any applicable Laws or any privacy policy of the Company or any of its Subsidiaries or agreement from providing the Purchaser with the Personal Information that has been, or will be, provided to the Purchaser, on or after the Closing Date, in connection with the transactions contemplated by this Agreement.

Section 4.29 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 4.30 No Broker. Except as set forth in Section 4.30 of the Disclosure Schedule, 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 4.31 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) 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 Purchaser 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 4.31 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.

Section 4.32 Significant Clients; Inventory. Section 4.32 of the Disclosure Schedule lists, for the most recently-completed fiscal year, (i) the top eleven (11) sales people of the Company and its Subsidiaries, on the basis of revenues generated, (ii) at least the top three (3) clients of each such sales person listed, and (iii) the aggregate amount of revenues generated by each sales person listed. Neither the Company nor any of its Subsidiaries has received notice from any of such clients that a client has a material dispute with the Company, and, to the Knowledge of the Company, none of such clients has any material disputes with the Company or any of its Subsidiaries.

Section 4.33 Absence of Undisclosed Liabilities. Except for specifically those liabilities or obligations described on the Disclosure Schedule, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder hereby represents and warrants, severally and not jointly, as of the date of this Agreement and as of the Closing Date, as to such Stockholder, as follows:

Section 5.1 Ownership of the Company Shares.

(a) Each Stockholder is the owner, beneficially and of record, of the Company Shares, Company Vested Options and Company Unvested Options set forth opposite such Stockholder's name on Exhibit A hereto, free and clear of any and all Liens. At the Closing, such Stockholder shall transfer good and marketable title to such Company Shares free and clear of any and all Liens and consent to the cancellation of such Company Vested Options and Company Unvested Options, on the terms and conditions hereof. No Stockholder is party to or otherwise bound by, and to the Knowledge of the Stockholders, 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 owned by such Stockholder.

(b) The sale and delivery of the Company Shares as contemplated by this Agreement is not subject to any preemptive right, right of first refusal or other right or restriction. Upon the delivery of the Company Shares as provided in Section 3.3 hereof, the Purchaser will acquire good and marketable title to each of the Company Shares, free and clear of any and all Liens.

Section 5.2 Acquisition of Purchaser Stock.

(a) Each Stockholder shall acquire the Purchaser Common Stock 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 the Purchaser from relying on any exemption from the registration requirements under the Securities Act.

(b) Each Stockholder understands that the Purchaser Common Stock will be transferred to each Stockholder under Regulation D under the Securities Act or under another exemption from the registration requirements of the Securities Act, and each Stockholder will not, without the prior written consent of the Purchaser, offer, sell, pledge or otherwise transfer the Purchaser Common Stock except as permitted under applicable Law.

(c) Each Stockholder has not, and none of its Affiliates or any person acting on behalf of each Stockholder 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 Purchaser Common Stock.

(d) The transactions contemplated by this Agreement (A) have not been pre-arranged with a buyer of the Purchaser Common Stock in circumstances that would preclude the Purchaser 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.

(e) Each Stockholder understands that the Purchaser 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 the Purchaser and its counsel) and each certificate representing the Purchaser Common Stock will be endorsed with the following legends:

(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., OR (4) THROUGH AN INVOLUNTARY TRANSFER PURSUANT TO OPERATION OF LAW; SUBJECT TO THE EXPIRATION OF ANY SUCH TRANSFER RESTRICTIONS AS SET FORTH IN THAT CERTAIN STOCK PURCHASE AGREEMENT BY AND AMONG THE SHAREHOLDER AND THE COMPANY 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."

(ii) Any 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) Each Stockholder has all requisite right, capacity and authority to execute and deliver this Agreement and the Ancillary Agreements to which such Stockholder is or is proposed to be a party and to perform the obligations applicable to such Stockholder 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 Stockholder and the performance by such Stockholder of the obligations applicable to such Stockholder 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 Stockholder is necessary to authorize the execution and delivery of this Agreement and the Ancillary Agreements to which such Stockholder is or is proposed to be a party or the consummation of the transactions contemplated hereby or thereby. This Agreement has been, and, upon execution by the Stockholders at the Closing, each Ancillary Agreement will be, duly and validly executed and delivered by such Stockholder and, assuming due authorization, execution and delivery hereof by the other parties hereto and thereto, constitutes a legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder 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.

(b) In the case of any Stockholder that is a natural person, that Stockholder is competent to execute and deliver this Agreement and the Ancillary Agreements, as applicable, to consummate the transactions contemplated hereby and to comply with the provisions hereof. In the case of any Stockholder that is a natural person and is married, and such Stockholder's Company Shares constitute community property or 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 the applicable Stockholder of the transactions contemplated hereby and the compliance by the applicable Stockholder 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, the applicable Stockholder'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 Stockholder in connection with the execution and delivery by such Stockholder of this Agreement or any Ancillary Agreement, the performance by such Stockholder of the obligations applicable to such Stockholder hereunder or thereunder

and the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement. Neither the execution and delivery of this Agreement or any Ancillary Agreement by such Stockholder nor the consummation by such Stockholder of the transactions contemplated by this Agreement or any Ancillary Agreement to which such Stockholder is or is proposed to be a party nor compliance by such Stockholder with any of the provisions hereof or thereof will (a) if such Stockholder is a trust, conflict with or result in any breach of any provisions of the trust agreement or other constitutive documents of such Stockholder, (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 Stockholder is a party or may otherwise be subject or bound or result in the creation of any Lien on the Shares 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 Stockholder or to which such Stockholder 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 the Stockholders, threatened, that relates to the ownership of the Company Shares by the Stockholders. There are no outstanding judgments, writs, injunctions, orders, decrees or settlements that apply, in whole or in part, to the Company Shares owned by such Stockholder.

Section 5.6 Stockholder Agreements. No Stockholder is a party to, or is otherwise bound by, any Contract, including any confidentiality, non-competition, non-solicitation or proprietary rights agreement, between such Stockholder and any other Person that will (a) adversely affect the ability of the Company or any of its Subsidiaries, the Purchaser or any of their Affiliates to conduct their business from and after the Closing, or (b) if such Stockholder is an employee, officer or director of the Company or any of its Subsidiaries, impair or restrict the ability of such Stockholder to operate, control, manage or work for the Company or any of its Subsidiaries, the Purchaser or any of their Affiliates from and after the Closing (in each case, other than Contracts entered into with the Purchaser or any of its Affiliates in connection with or contemplation of this Agreement).

Section 5.7 Stockholder's Affiliates. Except as set forth in Section 5.7 of the Disclosure Schedule, no Stockholder is an Affiliate of, or otherwise has any other economic interest in, any other Stockholder.

Section 5.8 Short Sales and Confidentiality Prior to the Date Hereof. Other than the transaction contemplated hereunder, such Stockholder has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Stockholder, executed any Prohibited Transaction, in or with respect to the securities of the Purchaser during the period commencing from date hereof until the earlier to occur of (i) the Purchaser's issuance of a press release disclosing the transactions contemplated hereby and (ii) the Purchaser's filing of a Current Report on Form 8-K disclosing the transactions contemplated hereby. Other than to other Persons party to this Agreement, such Stockholder has maintained the confidentiality of all disclosures made to it in connection with this transaction (including 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 the Purchaser Common Stock by the Stockholder or any Person or entity. 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 the Purchaser 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 the Purchaser Common Stock.

Section 5.9 Released Matters. The applicable Stockholder has not knowingly assigned or transferred or purported to assign or transfer to any Person any Released Matters and no Person other than such Stockholder has any interest in any Released Matter by Law or Contract by virtue of any action or inaction by such Stockholder, except for any such interest conferred under the Laws of estate or succession.

Section 5.10 Withholding Tax on Special Distributions. Each Stockholder represents that no withholding of any U.S. federal Tax or any other Tax is required with respect to the payment of the special cash distributions contemplated by Section 7.10 hereof.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to the Stockholders as of the date hereof and as of the Closing Date as follows:

Section 6.1 Organization and Good Standing. The Purchaser is duly incorporated, validly existing and in good standing under the laws of the State of New York 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. The Purchaser 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, except where the failure to be so qualified, licensed or in good standing which could not prevent or materially delay the consummation of the transactions contemplated by this

Agreement.

Section 6.2 Authorization and Effect of Agreement. The Purchaser has the requisite right, power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is 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 Purchaser of the transactions contemplated hereby and thereby have been duly authorized by the board of directors of the Purchaser and no other corporate or other action on part of the Purchaser is necessary to authorize the execution and delivery of this Agreement and the Ancillary Agreements to which it is a party. This Agreement has been duly executed and delivered by the Purchaser and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser 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. 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 Purchaser in connection with the execution and delivery by the Purchaser of this Agreement and any Ancillary Agreement to which it is a party, the performance by the Purchaser of its obligations hereunder and thereunder and the consummation by the Purchaser of the transactions contemplated by this Agreement and any Ancillary Agreements to which it is a party. Neither the execution and delivery of this Agreement and any Ancillary Agreement to which it is a party by the Purchaser nor the consummation by the Purchaser of the transactions contemplated by this Agreement and any Ancillary Agreements to which it is a party nor compliance by the Purchaser with any of the provisions hereof or thereof will (a) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws of the Purchaser, (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 the Purchaser 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 Purchaser, or (c) violate any Permit or Law applicable to the Purchaser or to which the Purchaser 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.

Section 6.4 Litigation. There are no Proceedings pending or, to the knowledge of the Purchaser, threatened, that questions the validity of this Agreement or any Ancillary Agreement or any action taken or to be taken in connection with this Agreement or any Ancillary Agreement.

Section 6.5 Sufficiency of Funds. At the Closing, the Purchaser shall have available funds in an amount sufficient to permit it to pay the Cash Purchase Price to Vested Stockholders and related fees and expenses required to be paid by the Purchaser.

Section 6.6 Purchaser Common Stock. The Purchaser 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, the Purchaser's organizational documents or any agreement to which the Purchaser 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 Purchaser 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 Stockholders in this Agreement being true and complete, no registration under the Securities Act is required for the offer and sale of the Purchaser Common Stock to the Stockholders under this Agreement.

Section 6.7 Regulatory Compliance.

(a) Since January 1, 2006, the Purchaser has filed all reports, statements, forms, schedules, registration statements, prospectuses, proxy statements, and other documents required to be filed by it with the SEC pursuant to the Exchange Act or the Securities Act, as the case may be (" Purchaser SEC Reports"). Except as disclosed therein, each of the Purchaser SEC Reports, at its effective date (in the case of Purchaser SEC Reports that are registration statements filed pursuant to the requirements of the Securities Act) or as of the date of the last amendment filed with the SEC (in the case of all other Purchaser SEC Reports), complied in all material respects with the applicable requirements of the Exchange 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 Purchaser 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.

(b) The consolidated financial statements of Purchaser included in the Purchaser SEC Reports 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, do not contain footnotes), and presented fairly the consolidated financial position, results of operations and cash flows of the Purchaser and the consolidated Subsidiaries of the Purchaser as of the respective dates thereof

and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal year-end adjustments).

Section 6.8 Listing and Maintenance Requirements. The shares of Purchaser Common Stock are registered pursuant to the Exchange Act and are listed on The NASDAQ Global Select Market, and the Purchaser has taken no action designed to terminate the registration of the Purchaser Common Stock or delisting the Purchaser Common Stock from The NASDAQ Global Select Market.

Section 6.9 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 Purchaser in connection with any of the transactions contemplated by this Agreement.

Section 6.10 Investment Representation. The Company Shares purchased by the Purchaser are being acquired for investment only and not with a view to any public distribution thereof, and the Purchaser shall not offer to sell or otherwise dispose of such Shares so acquired by it in violation of any of the registration requirements of the Securities Act.

Section 6.11 Affiliates. As of the Closing, the Purchaser will not deem the Stockholders to be "Affiliates" (as defined in Rule 144 under the Securities Act) of the Purchaser.

ARTICLE VII

COVENANTS

Section 7.1 Operation of the Company Pending the Closing. The Company shall not, and the Principal Stockholders shall cause the Company and its Subsidiaries not to, take any action with the purpose of causing any of the conditions to the Purchaser's obligations set forth in Article VIII hereof to not be satisfied. Except with the prior written consent of the Purchaser, during the period from the date of this Agreement to the Closing, the Company shall, and the Principal Stockholders shall cause the Company and its Subsidiaries to, comply in all material respects with all applicable Laws and conduct its and their businesses 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, suppliers, distributors, regulators, creditors and others having business relationships with the Company or any of its Subsidiaries. Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, during the period from the date of this Agreement to the Closing, the Company shall not, and the Principal Stockholders shall cause the Company and its Subsidiaries not to, without the prior written consent of the Purchaser:

(a) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of additional shares of capital stock of any class, or securities convertible into or exchangeable for shares of capital stock, or any rights, warrants or options to acquire any such shares, or other convertible securities of the Company or any of its Subsidiaries;

(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;

(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 of the properties, assets or securities of the Company or any of its Subsidiaries;

(d) terminate or amend any Company Contract;

(e) terminate or amend any 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 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, 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

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employees, except as may be required under existing employment agreements, (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;

(k) (i) sell, lease, transfer or otherwise dispose of, any of its property or assets other than in the ordinary course of business consistent with past practice or (ii) create Liens on any of its property or assets, other than Permitted Liens;

(l) sell, assign, lease, license, transfer or otherwise dispose of, mortgage, pledge or encumber, any real property or amend in any material respect, terminate, modify in any material respect, renew or assign any rights under any real property lease;

(m) sell, assign, lease, license, transfer or otherwise dispose of, mortgage, pledge or encumber, any Company Intellectual Property or amend in any material respect, terminate, modify in any material respect, renew or assign any rights under any Contract related to any Company Intellectual Property;

(n) make any loans, advances or capital contributions (other than advances for travel and other normal business expenses to officers and employees), except in the ordinary course of business;

(o) commit to make any capital expenditure or fail to make capital expenditures consistent with past practices or enter into any commitments or transactions not in the ordinary course of business involving aggregate value in excess of $100,000 or make aggregate capital expenditures or commitments in excess of $100,000;

(p) fail to maintain all its assets in good repair and condition, except to the extent of wear or use in the ordinary course of business or damage by fire or other unavoidable casualty;

(q) except as may be required as a result of a change in applicable Law or GAAP, change any accounting principles or practices used by the Company or any of its Subsidiaries;

(r) institute, settle or dismiss any action, claim, demand, lawsuit, proceeding, arbitration or grievance by or before any court, arbitrator or governmental or regulatory body threatened against, relating to or involving the Company or any of its Subsidiaries in connection with any business, asset or property of the Company or any of its Subsidiaries;

(s) enter into any Contract with a term of more than twelve (12) months or involving the payment, or provision of goods or services, in excess of $100,000;

(t) except as provided in Section 7.10, declare or pay any dividend or other distribution or payment on any shares of the Company's or any of its Subsidiaries' capital stock;

(u) make, revoke or change any Tax election or change any Tax accounting method, settle or compromise any Tax liability, or waive or consent to the extension of any statute of limitations for the assessment and collection of any Tax;

(v) either fail to pay the accounts payable or other liabilities of the Company or any of its Subsidiaries, or fail to pursue to collect any of the accounts receivable or other indebtedness owed to the Company or any of its Subsidiaries, in a manner consistent with the practices of the Company prior to the date hereof;

(w) abandon or fail to maintain any registration for or registration of any Owned Company Intellectual Property; or

(x) agree to take any of the foregoing actions.

This Section 7.1 is not intended to, in any way, confer overall control of the Company or its operations to the Purchaser or any of its directors, officers, employees, Affiliates, Related Parties or any investment banker, financial advisor, attorney, accountant or other advisor, agent or representative (collectively, "Representatives").

Section 7.2 Access. From the date of this Agreement until the Closing Date or the termination of this Agreement, the Company will afford the Purchaser and

its authorized Representatives access at all reasonable times and upon reasonable notice to all of its and its Subsidiaries' assets, properties, Personnel and operations and to all books and records of the Company and its Subsidiaries, and will permit the Purchaser and its authorized Representatives to review the Financial Statements and books and records and to conduct inspections as they may reasonably request; provided, however, that (i) such investigation shall not unreasonably interfere with the business operations of the Company or its Subsidiaries; (ii) the Company 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) the Company need not supply the Purchaser with any information which, in the reasonable judgment of the Company, the Company is under a legal obligation not to supply. The Company will instruct its officers to furnish such Persons with such financial and operating data and other information with respect to its business, prospects and properties as such Persons may from time to time reasonably request. All information obtained in connection with such access shall be governed by the Confidentiality Agreements between the Purchaser and the Company dated July 17, 2008 and August 14, 2008 (collectively, the " Confidentiality Agreements"), the terms and provisions of which shall be incorporated by reference into this Agreement.

Section 7.3 Notification. The Company and each of the Stockholders (only with respect to information within its, his or her possession) shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Company, of (i) any fact, change, condition, circumstance, event, occurrence or non-occurrence that has caused or is reasonably likely to cause any representation or warranty in this Agreement made by it, him or her to be untrue or inaccurate in any respect at any time after the date hereof and prior to the Closing, (ii) any material failure on its or their part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or (iii) any litigation, arbitration or administrative proceeding pending or, to their knowledge, threatened against the Company or any of its Subsidiaries, the Stockholders or the Purchaser, as the case may be, which challenges the transactions contemplated by this Agreement or any Ancillary Agreement; provided that each of the parties hereto agrees that the delivery of any notice pursuant to this Section 7.3 shall not limit, diminish or otherwise affect the remedies available hereunder to the party receiving such notice, or the representations or warranties of, or the conditions to the obligations of, the parties hereto.

Section 7.4 Commercially Reasonable Efforts.

(a) Upon the terms and subject to the conditions of this Agreement, the Company, each of the Principal Stockholders and the Purchaser shall use commercially reasonable 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 transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable, including, without limitation, (i) the prompt preparation and filing of all forms, registrations, notices and other filings required to be filed to consummate the transactions contemplated by this Agreement and the Ancillary Agreements and the taking of such commercially reasonable efforts as are necessary to obtain at the earliest practicable date any approvals, consents, orders, Exemptions or waivers by any Governmental Authority or any other Person, and (ii) using commercially reasonable efforts to cause the satisfaction of all conditions to Closing; provided, that such commercially reasonable efforts shall not include the Purchaser agreeing to hold separate or divest (including through an independent trustee, if necessary) particular assets or categories of assets, or operations, of the Company or any of its Subsidiaries, the Purchaser or any of their respective Affiliates or Subsidiaries or agreeing to any limitations or restrictions on the Purchaser's conduct in order for the Closing to occur. Each party shall promptly consult with the others with respect to, provide any necessary information with respect to, and provide the other (or its counsel) advanced copies of, all filings made by such party with any Governmental Authority or any other Person or any other information supplied by such party to a Governmental Authority or any other Person in connection with this Agreement and the transactions contemplated by this Agreement or any of the Ancillary Agreements. The Company shall allow the Purchaser to be present and participate in all communications and meetings with any Governmental Authority.

(b) Each party hereto shall promptly inform the others of any communication from any Governmental Authority regarding any of the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) Each of the Stockholders agrees that he shall not sell, transfer, pledge, hypothecate, mortgage or encumber his Company Shares other than as contemplated by this Agreement or take any action reasonably likely to cause the non-satisfaction of the conditions to Closing set forth in Section 8.1 hereof and Section 8.2 hereof.

(d) Notwithstanding anything to the contrary, neither the Company nor the Purchaser shall be obligated to contest any final action or decision taken by any Governmental Authority challenging the consummation of the transactions contemplated by this Agreement.

Section 7.5 Further Assurances. From time to time after the Closing, without additional consideration, each party hereto will (or, if appropriate, cause its Affiliates to) execute and deliver such further instruments and take such other action as may be necessary or reasonably requested by the other party to make effective the transactions contemplated by this Agreement and the Ancillary Agreements and to provide the other party with the intended benefits of this Agreement and the Ancillary Agreements. Without limiting the foregoing, upon reasonable request of the Purchaser prior to or after the Closing Date, the Principal Stockholders shall cause the Company to, and the Principal Stockholders shall, or shall cause their respective Affiliates to, as applicable, execute, acknowledge and deliver all such further assurances, deeds, assignments, consequences, powers of attorney and other instruments and paper as may be required to sell, transfer, assign, convey and deliver to the Purchaser all right, title and interest in, to and under the Company Shares.

Section 7.6 Confidentiality. The Stockholders acknowledge and agree that from and after the date hereof each Stockholder shall keep confidential any and all Information (whether in oral or written form, electronically stored or otherwise) (i) that is related in any way to the Company or any of its Subsidiaries or the Purchaser or (ii) received from another party that is related to this Agreement, any of the Ancillary Agreements or the transactions contemplated hereby and thereby (collectively, "Confidential Information"); provided that any Confidential Information that (i) was or becomes generally available to the public other than as a result of a disclosure by the party receiving the Confidential Information in violation of this Agreement, (ii) was or becomes available to a party on a non-confidential basis from a source other than the party disclosing the Confidential Information or its Representatives; provided, further, that such source was not bound by any agreement or obligation to keep such information confidential or (iii) was independently developed by the party receiving the Confidential Information or its

Representatives without reference to the Confidential Information, shall not be subject to the restrictions contained in this Section 7.6. Notwithstanding anything to the contrary contained herein, a party may disclose the Confidential Information to its Representatives who need to know such Confidential Information to evaluate the transactions contemplated by this Agreement or the Ancillary Agreements, are informed of its confidential nature, and agree to abide by this Section 7.6. In the event that a Stockholder is required by Law, regulation, supervisory authority or other applicable judicial or governmental order to disclose any of the Confidential Information the Stockholders shall provide the other party, as applicable, with prompt written notice, unless notice is prohibited by Law, of any such request or requirement so that the other party may seek a protective order or other appropriate remedy. If, failing the entry of a protective order (which the party required to disclose will use its commercially reasonable efforts to obtain), the party required to disclose the Confidential Information is, in the opinion of its counsel, compelled to disclose such Confidential Information, such party may disclose that portion of the Confidential Information that counsel advises that such party is compelled to disclose and will exercise commercially reasonable efforts to obtain assurance to the extent possible that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed. In any event, the party required to disclose the Confidential Information will use its commercially reasonable efforts to, and will not oppose action by the other party to, obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. The parties' obligations under this Section 7.6 shall survive the termination of this Agreement.

Section 7.7 Consents. The Company will use its commercially reasonable efforts to obtain such Consents and authorizations of third parties, give notices to third parties and take such other actions as may be necessary or appropriate in order to effect the consummation of the transactions contemplated by this Agreement and to enable the Company and its Subsidiaries to carry on its business after the Closing Date substantially as such business was conducted by it prior to the Closing Date including, without limitation, the Consents referred to in Section 4.3. If the Company is unable to obtain any such Consent or authorization from any Person (other than a Governmental Authority) prior to the Closing, following the Closing until such Consents or authorizations are obtained, the Principal Stockholders shall use their commercially reasonable efforts in cooperation with the Purchaser to obtain such Consents or authorizations and shall (i) provide or cause to be provided to the Purchaser the benefits of any Contract or asset pending receipt of such Consent or authorizations, (ii) cooperate in any arrangement acceptable to the Purchaser that is reasonable, lawful and designed to provide such benefits to the Purchaser (including, but not limited to, the acquisition of a commercially reasonably substitute contract for the contract that has not been assigned or the sublicensing or subleasing of the Company's rights in the applicable asset) the cost of which shall be borne by the Stockholders and (iii) enforce for the account of the Purchaser any rights of the Company or any of its Subsidiaries related to such contract or asset which the Purchaser directs in writing to be enforced.

Section 7.8 Tax Matters.

(a) The Purchaser shall prepare and file or cause to be prepared and filed all Tax Returns required to be filed by or with respect to the Company and the Company's Subsidiaries for any taxable period ending on, before or including the Closing Date and with due dates (including extensions) after the Closing Date.

(b) All transfer, documentary, sales, use, registration and other such Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Stockholders. The Purchaser and the Stockholders shall cooperate to the extent necessary in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

(c) All contracts, agreements or arrangements under which the Company or any of the Company's Subsidiaries may at any time have an obligation to indemnify for or share the payment of or liability for any portion of a Tax (or any amount calculated with reference to any portion of a Tax) shall be terminated with respect to the Company and any such Subsidiary as of the Closing Date, and the Company and such Subsidiary shall thereafter be released from any liability thereunder.

(d) The Company, the Company's Subsidiaries, the Purchaser and the Stockholders shall, and shall each cause their Affiliates to, provide to the other cooperation and information, as and to the extent reasonably requested, in connection with the filing of any Tax Return, in conducting any audit, examination, litigation or other proceeding with respect to Taxes or in connection with any other matter related to Taxes.

(e) Immediately prior to the Closing, the Company shall deliver to the Purchaser a certification that stock in the Company is not a U.S. real property interest because the Company is not, and has not 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. Such certification shall be in accordance with Treasury Regulation Section 1.1445-2(c)(3)(i). The Company shall timely deliver to the IRS the notification required under Treasury Regulation Section 1.897-2(h)(2).

(f) For U.S. federal income tax purposes, the Stockholders and the Purchaser agree and intend that the Transaction and the other transactions contemplated hereby shall not qualify as a reorganization described in Section 368(a) of the Code. The Stockholders and the Purchaser hereby covenant not to take, and to cause the Company and the Company's Subsidiaries not to take, any position in any Tax Return or any audit, examination, litigation or proceeding related to such Tax Return that is inconsistent with the immediately proceeding sentence.

(g) (i) A holder of a Company Vested Option shall receive consideration in respect of the cancellation of the holder's Company Vested Option in accordance with Sections 2.2(a) and 2.4 hereunder. In accordance with Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) and other applicable Tax Law (including state, local and foreign Tax Law), the payment of an amount to a holder of a Company Vested Option in respect of the cancellation of the holder's Company Vested Option is properly allocable to the portion of the Closing Date after the Closing or a period subsequent to the Closing Date, as applicable, and the Purchaser, the Company and each holder of a Company Vested Option agree not to file any Tax Return or take a position in any audit, examination, litigation or other proceeding related to such Tax Return that would be inconsistent with such allocation, unless advised otherwise by the Purchaser's counsel. The Purchaser and, after the Closing, at the Purchaser's election, the Company shall withhold any and all Taxes required to be withheld pursuant to applicable Tax Law in connection with any payments to a holder of a Company Vested Option described in this Section 7.8(g)(i).

(ii) A holder of a Company Unvested Option shall receive consideration in respect of the cancellation of the holder's Company Unvested Option in accordance with Sections 2.2(b) and 2.3 hereunder. In accordance with Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) and other applicable Tax Law (including state, local and foreign Tax Law), the payment of an amount to a holder of a Company Unvested Option in respect of the cancellation of the holder's Company Unvested Option is properly allocable to the portion of the Closing Date after the Closing or a period subsequent to the Closing Date, as applicable, and the Purchaser, the Company and each holder of a Company Unvested Option agree not to file any Tax Return or take a position in any audit, examination, litigation or other proceeding related to such Tax Return that would be inconsistent with such allocation, unless advised otherwise by the Purchaser's counsel. The Purchaser and, after the Closing, at the Purchaser's election, the Company shall withhold any and all Taxes required to be withheld pursuant to applicable Tax Law in connection with any payments to a holder of a Company Unvested Option described in this Section 7.8(g)(ii).

Section 7.9 Termination of Plans. The Company shall take all actions and obtain any waivers or consents as may be required in order to terminate and fully discharge without further liability of the Company or the Purchaser, effective on the Closing Date, any stock option plans and agreements and any other equity rights plans, agreements or arrangements. The Company shall take all actions necessary to ensure that, as of immediately prior to the Closing, there are no subscriptions, options, warrants, calls, commitments or other rights of any kind (absolute, contingent or otherwise) outstanding relating to the issuance, purchase or receipt of any capital stock (including, without limitation, outstanding, authorized but unissued, unauthorized, treasury or other shares thereof) or other equity interest or any debt security or interest of the Company or any of its Subsidiaries, other than the Company Vested Options and the Company Unvested Options.

Section 7.10 Distributions. Immediately prior to the Closing, the Company may declare and pay on the Company Shares one or more special cash distributions; provided, that the amount of Cash, receivables from customers and clearing brokers remaining in the Company's accounts after the payment of such distributions shall not be less than the sum of $1,848,000 plus the amount of the 2008 Bonus Pool.

Section 7.11 No Solicitation. (i) The Company shall, and the Company shall cause its officers, employees, Subsidiaries, Affiliates, agents and other representatives to and (ii) each of the Stockholders shall, and shall cause their agents, representatives and Affiliates and the Company to, immediately cease any existing discussions or negotiations with respect to any Alternative Proposal and shall not, and shall cause such Persons not to, directly or indirectly, encourage, solicit, participate in, initiate or facilitate discussions or negotiations with, or provide any information to, any Person (other than Purchaser or its directors, officers, employees, Subsidiaries, Affiliates, agents and other representatives) concerning any Alternative Proposal. The Stockholders and the Company shall immediately communicate to the Purchaser any such inquiries or proposals regarding an Alternative Proposal, including the terms thereof.

Section 7.12 AmTech Capital Management, LLC. Concurrently with the Closing, the Company shall cause its wholly-owned Subsidiary, AmTech Capital Management Holding, Inc., to withdraw as a Member from AmTech Capital Management, LLC, a New York limited liability company, in accordance with the terms of the Operating Agreement of AmTech Capital Management, LLC.

Section 7.13 Additional Signatories. The Company and the Principal Stockholders shall use their best efforts to obtain from each Stockholder who is not an original signatory to this Agreement an executed supplemental agreement, in form and substance reasonably satisfactory to the Purchaser, whereby such Stockholder agrees to be bound by the terms and conditions of this Agreement as if such Stockholder was an original signatory hereto.

Section 7.14 FINRA Letter. The Company shall take all actions that FINRA requested the Company take in FINRA's letter to the Company, dated August 15, 2008, in the manner and time frame requested by FINRA and in form and substance reasonably acceptable to the Purchaser.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of the following conditions, which may be waived (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) by the Purchaser, the Company or the Stockholders, as applicable:

(a) All necessary Consents of any Governmental Authority required for consummation of the transactions contemplated by this Agreement and the Ancillary Agreements shall have been obtained.

(b) There shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing the consummation of the transactions contemplated by this Agreement or any of the Ancillary Agreements and any waiting period applicable to the consummation of the transactions contemplated by this Agreement under applicable Laws that are designated or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade shall have expired or been terminated.

(c) No action, suit or proceeding shall be pending or threatened in writing by any Governmental Authority or pending or threatened in writing by any other Person to enjoin, restrain, prohibit or obtain damages in respect of any of the transactions contemplated by this Agreement or any Ancillary Agreement, or which could reasonably be expected to prevent or make illegal the consummation of any transactions contemplated by this Agreement or any Ancillary Agreement.

Section 8.2 Conditions Precedent to Obligations of the Purchaser. The obligation of the Purchaser to effect the transactions contemplated by this Agreement is subject to the satisfaction or waiver (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) of the following conditions:

(a) The representations and warranties of the Company and the Stockholders in this Agreement shall be true, complete and accurate in all material respects (without regard to any materiality qualifiers therein) as of the date hereof and at and as of the Closing with the same effect as though such representations and warranties had been made at and as of such time, other than representations and warranties that speak as of another specific date or time prior to the date hereof (which need only be true and correct as of such date or time).

(b) All of the terms, covenants and conditions to be complied with and performed by the Company or any of the Stockholders on or prior to the Closing Date shall have been complied with or performed in all material respects.

(c) There shall not have occurred any event or change in circumstances or be existing any conditions that have had, or are, individually or in the aggregate, reasonably likely to have a Material Adverse Effect.

(d) The Purchaser shall have received certificates, dated as of the Closing Date, executed on behalf of the Company and by each Stockholder or the Stockholder Representative on behalf of each such Stockholder certifying in such detail as the Purchaser may reasonably request that the conditions specified in Section 8.2(a) hereof and Section 8.2(b) hereof have been fulfilled.

(e) The Purchaser shall have received valid and binding Consents with respect to any Company Contract from all parties, including the Consents set forth in Section 4.3 of the Disclosure Schedule.

(f) The Company shall have repaid in full any and all of the Debt of the Company and its Subsidiaries, including those items referenced in Section 4.13 of the Disclosure Schedule, and shall have delivered to the Purchaser payoff letters (or other evidence) evidencing such payoff.

(g) The Purchaser shall have received a certification in accordance with Treasury Regulation Section 1.1445-2(c) and in the form provided in Treasury Regulation Section 1.897-2(h)(2), substantially in the form attached hereto as Exhibit F (the "FIRPTA Certificate").

(h) The Purchaser shall have received all deliverables required to be delivered to the Purchaser pursuant to Section 3.3.

(i) In addition to the Principal Stockholders, at least 75% of the individuals set forth on Exhibit A (not including the Principal Stockholders) shall have executed this Agreement or a supplemental agreement pursuant to which such individuals agree to be bound by the terms and conditions of this Agreement as if such individuals were original signatories hereto.

Section 8.3 Conditions Precedent to Obligations of the Company and the Stockholders. The obligation of the Company and the Stockholders to effect the transactions contemplated by this Agreement is subject to the satisfaction or waiver (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) of the following conditions:

(a) The representations and warranties of the Purchaser in this Agreement shall be true, complete and accurate in all material respects (without regard for any materiality qualifiers therein) as of the date hereof and at and as of the Closing with the same effect as though such representations and warranties had been made at and as of such time, other than representations and warranties that speak as of another specific date or time prior to the date hereof (which need only be true, complete and accurate as of such date or time).

(b) All of the terms, covenants and conditions to be complied with and performed by the Purchaser on or prior to the Closing

Date shall have been complied with or performed in all material respects.

(c) The Stockholder Representative shall have received a certificate, dated as of the Closing Date, executed on behalf of the Purchaser, certifying in such detail as the Stockholders may reasonably request that the conditions specified in Section 8.3(a) and Section 8.3(b) hereof have been fulfilled.

(d) The Stockholders shall have received all deliverables required to be delivered to the Stockholder Representative pursuant to Section 3.4.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of the Purchaser and the Company;

(b) by the Company or the Purchaser if:

(i) a Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree or ruling the parties shall use commercially reasonable efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement or any Ancillary Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(ii) the Closing shall not have occurred on or before December 31, 2008; provided, however, that the right to terminate this Agreement under this Section 9.1(b)(ii) shall not be available to any party whose action or failure to act has proximately caused the failure of the Closing to occur on or before such date;

(c) by the Purchaser if there is a default or breach by the Company or the Stockholders of any of their respective covenants or agreements contained herein, or if the representations or warranties of the Company or the Stockholders contained in this Agreement shall have become inaccurate, in either case such that the conditions set forth in Section 8.2 hereof could not be satisfied and such breach or default or inaccuracy is not curable or, if curable, has not been cured or waived within thirty (30) calendar days after written notice to the Company or the Stockholders, as applicable, specifying, in reasonable detail, such claimed default, breach or inaccuracy and demanding its cure or satisfaction; or

(d) by the Company if there is a default or breach by the Purchaser with respect to any of its covenants or agreements contained herein, or if the representations or warranties of the Purchaser contained in this Agreement shall have become inaccurate, in either case such that the conditions set forth in Section 8.3 hereof could not be satisfied and such breach or default or inaccuracy is not curable or, if curable, has not been cured or waived within thirty (30) calendar days after written notice to the Purchaser specifying, in reasonable detail, such claimed default, breach or inaccuracy and demanding its cure or satisfaction.

Section 9.2 Procedure and Effect of Termination. In the event of termination and abandonment of the transactions contemplated by this Agreement pursuant to Section 9.1 hereof, written notice thereof shall forthwith be given to the other parties to this Agreement specifying the reasons for such termination and this Agreement shall terminate (subject to the provisions of this Section 9.2) and the transactions contemplated by this Agreement shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated as provided herein:

(a) Upon the written request therefor, each party will (i) redeliver or (ii) destroy with certification thereto in form and substance reasonably satisfactory to the other party, all documents, work papers and other materials of any other party relating to the transactions contemplated by this Agreement, whether obtained before or after the execution hereof, to the party furnishing the same; and

(b) In the event of the termination and abandonment of this Agreement pursuant to Section 9.1 hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its Affiliates, directors, officers, agents, advisors, representatives or stockholders, other than the provisions of Section 7.6 and Article XI hereof; provided, however, nothing contained in this Section 9.2 shall relieve any party from liability for any prior breach of this Agreement.

ARTICLE X

SURVIVAL; INDEMNIFICATION

Section 10.1 Survival of Indemnification Rights.

(a) The representations and warranties of the Company and the Stockholders contained in Article IV and Article V hereof shall

survive the Closing and remain in full force and effect for a period of 18 months following the Closing Date and, if a notice for a claim for indemnification pursuant to this Article X (a "Claims Notice") has been provided by such date, shall remain in full force and effect until final resolution of the Outstanding Claim; provided, however, the following representations and warranties shall survive and remain in full force and effect for the period indicated:

(i) Section 4.2 (Authorization and Effect of Agreement), Section 4.3, (Consents and Approvals; No Violations), Section 4.5 (Capitalization of the Company), Section 4.6 (Accuracy of Stock Purchaser Consideration; Capital Structure), Section 4.7 (No Subsidiaries), Section 4.16 (Transactions with Affiliates), Section 4.23 (Environmental), Section 4.24 (Employee Benefits), Section 4.26 (Taxes and Tax Returns), Section 4.30 (No Broker), Section 5.1 (Ownership of the Company Shares), Section 5.3 (Authorization and Effect of Agreement) and Section 5.10 (Withholding Tax on Special Distributions) until sixty (60) days following the expiration of the applicable statute of limitations (including extensions thereof); provided, however, each such representation and warranty shall remain in full force and effect until final resolution of any Outstanding Claims.

(b) The representations and warranties of the Purchaser contained in Article VI hereof shall survive the Closing and remain in full force and effect for a period of 18 months following the Closing Date and, if a Claims Notice has been provided by such date, shall remain in full force and effect until final resolution of the Outstanding Claim; provided, however, the following representations and warranties shall survive and remain in full force and effect for the period indicated:

(i) Section 6.2 (Authorization and Effect of Agreement), Section 6.3 (Consents and Approvals; No Violations), Section 6.6 (Purchaser Common Stock) and Section 6.9 (No Broker) until sixty (60) days following the expiration of the applicable statute of limitations (including extensions thereof); provided, however, each such representation and warranty shall remain in full force and effect until final resolution of any Outstanding Claims.

(c) The covenants and agreements of the Stockholders, the Company and the Purchaser contained in this Agreement that contemplate performance thereof following the Closing Date shall survive and remain in full force and effect until fully performed or for the applicable period specified therein, or if no such period is specified, for the applicable statute of limitations. The provision of this Article X shall survive so long as any other Section of this Agreement shall survive to the extent applicable. None of the Closing, any party's waiver of any condition to the Closing or any party's knowledge of any breach prior to the Closing, shall constitute a waiver of any of the rights that any such party may have hereunder (including rights to indemnification) whether by reason of any investigation by such party or its Representatives, pursuant to Section 7.2 hereof or otherwise.

Section 10.2 Indemnification Obligations.

(a) Stockholder Indemnification Obligations. Subject to the limitations set forth in this Article X, each Stockholder, severally but not jointly, in the proportion to such Stockholder's Ownership Percentage as set forth on Exhibit A (as it may be revised pursuant to Section 3.2), shall indemnify, defend and hold harmless the Purchaser, the Company (following Closing), and any parent, subsidiary, associate, Affiliate, director, officer, stockholder or agent thereof, and their respective Representatives, successors and permitted assigns (all of the foregoing are collectively referred to as the " Purchaser Indemnified Parties"), from and against all Losses which any such party may suffer, sustain or become subject to, to the extent relating to:

(i) any inaccuracy in, or breach of, any representation or warranty made by the Company or any Stockholder under this Agreement or any Ancillary Agreement (without regard to any materiality qualifiers contained therein);

(ii) any breach or non-fulfillment of any covenant or agreement on the part of such Stockholder or the Company, under this Agreement or any Ancillary Agreement;

(iii) any fees, expenses or other payments incurred or owed by the Stockholders or the Company to any counsel, advisor, agent, broker, investment banker or other firm or Person retained or employed in connection with the transactions contemplated by this Agreement;

(iv) all Taxes of the Company and the Company's Subsidiaries for any taxable period ending on or before the Closing Date and any Pre-Closing Tax Period (including (A) any withholding or other Tax related to the payment of the special cash distributions contemplated by Section 7.10 hereof and (B) any Tax of AmTech Capital Management Holding, Inc. relating to the withdrawal as a Member from AmTech Capital Management, LLC, as contemplated by Section 7.12 hereof, but excluding for purposes of this subsection (iv) any Taxes required to be withheld pursuant to applicable Tax Law in connection with any payments made to the holders of Company Vested Options or Company Unvested Options pursuant to Sections 2.2, 2.3 or 2.4 of this Agreement), except to the extent such Taxes are set forth in the reserve for Taxes on the Closing Date Balance Sheet (without regard to deferred Tax assets and liabilities) and taken into account in determining an adjustment to the Purchase Price pursuant to Section 2.6 hereof;

(v) all Taxes, whether determined on a separate, consolidated, combined, group or unitary basis, including any penalties and interest in respect thereof, of the Company and the Company's Subsidiaries (i) pursuant to Treasury Regulation

Section 1.1502-6 or any comparable provision of state, local, or foreign Law with respect to any taxable period beginning before the Closing Date and (ii) pursuant to any guaranty, indemnification, Tax sharing, or similar agreement made on or before the Closing Date relating to the sharing of liability for, or payment of, Taxes; and

(vi) AmTech Capital Management, LLC, a New York limited liability company, or any of its Subsidiaries.

For purposes of this Agreement, in the case of any Straddle Period, (A) the periodic Taxes of the Company and the Company's Subsidiaries that are not based on income or receipts (*e.g.,* property Taxes) for any Pre-Closing Tax Period shall be computed based upon the ratio of the number of days in the Pre-Closing Tax Period and the number of days in the entire taxable period, and (B) the Taxes of the Company and the Company's Subsidiaries for any Pre-Closing Tax Period, other than Taxes described in clause (A), shall be computed as if such taxable period ended on the Closing Date.

(b) Purchaser Indemnification Obligations. Subject to the limitations set forth in this Article X, the Purchaser shall indemnify, defend and hold harmless the Stockholders, and any parent, subsidiary, associate, Affiliate, director, officer, stockholder or agent thereof, and their respective Representatives, successors and permitted assigns (all of the foregoing are collectively referred to as the " Stockholder Indemnified Parties") from and against all Losses which any such party may suffer, sustain or become subject to, to the extent relating to:

(i) any inaccuracy in, or breach of, any representation or warranty made by the Purchaser under this Agreement or any Ancillary Agreement (without regard to any materiality qualifiers contained therein);

(ii) any breach or non-fulfillment of any covenant or agreement on the part of the Purchaser under this Agreement or any Ancillary Agreement; and

(iii) any fees, expenses or other payments incurred or owed by the Purchaser to any counsel, advisor, agent, broker, investment banker or other firm or Person retained or employed in connection with the transactions contemplated by this Agreement.

Section 10.3 Indemnification Procedure.

(a) If any Purchaser Indemnified Party or Stockholder Indemnified Party, as the case may be (such parties, collectively, the " Indemnified Parties") intends to seek indemnification pursuant to this Article X, such Indemnified Party shall promptly notify the party from whom indemnification is being sought (the "Indemnifying Party") by providing written notice of such claim to the Indemnifying Party. The Indemnified Party will provide the Indemnifying Party with prompt notice of any third party claim in respect of which indemnification is sought. The failure to provide either such notice will not affect any rights hereunder except to the extent the Indemnifying Party shall have been materially prejudiced as a result of such failure.

(b) If such claim involves a claim by a third party against the Indemnified Party, the Indemnifying Party may, within thirty (30) calendar days after receipt of such notice by the Indemnifying Party and upon notice to the Indemnified Party, assume, through counsel of their own choosing and at their own expense, the settlement or defense thereof, and the Indemnified Party shall reasonably cooperate with them in connection therewith; provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it at the expense of the Indemnified Party; provided, further, that if the Indemnified Party reasonably determines that representation by the Indemnifying Party's counsel of the Indemnifying Party and the Indemnified Party may present such counsel with a conflict of interests, then the Indemnifying Party shall pay the reasonable fees and expenses of one Indemnified Party's counsel. Notwithstanding anything in this Section 10.3(b) to the contrary, the Indemnifying Party may not, without the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld, conditioned or delayed), settle or Compromise any action or consent to the entry of any judgment. So long as the Indemnifying Party is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without the Indemnifying Party's consent, such consent not to be unreasonably withheld, conditioned or delayed. If the Indemnifying Party is not contesting such claim in good faith, then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Indemnifying Party, the settlement or defense thereof, and the Indemnifying Party shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Indemnifying Party of any obligation it may have hereunder.

(c) Notwithstanding anything in Section 10.3(b) hereof to the contrary, the Purchaser Indemnified Parties and the Stockholders shall jointly control and participate in all proceedings taken in connection with any claim related to Taxes of the Company or any of the Company's Subsidiaries for any Pre-Closing Tax Period. Neither the Purchaser Indemnified Parties nor the Stockholders shall settle any such Tax claim without the prior written consent of the other, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 10.4 Calculation of Indemnity Payments. The amount of any Loss for which indemnification is provided under this Article X shall be net of any insurance amounts when and to the extent actually received by the Purchaser Indemnified Parties with respect to such Loss. Any indemnity payment under this Article X shall be treated as an adjustment to the Purchase Price for Tax purposes to the extent permitted by Tax Law. The amount of any Loss for which indemnification is provided under this

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Article X shall be (i) reduced by the amount of the net Tax benefit actually realized by the Indemnified Party by reason of such Loss and (ii) increased to take account of any net Tax cost actually incurred by the Indemnified Party arising from the receipt or accrual of indemnity payments hereunder (*i.e.*, grossed-up for such increase). For purposes of calculating Losses hereunder with respect to determining whether the Losses exceed the Deductible for purposes of Section 10.6(a), any materiality or Material Adverse Effect qualifications in the representations, warranties, covenants and agreements shall be ignored.

Section 10.5 Relation of Indemnity to Earn-out Payments. The Purchaser may withhold any Earn-out Payments otherwise due to be paid, but only on a several and not joint basis, if there is any Outstanding Claim as against an Indemnifying Party or Parties, in an amount equal to the Outstanding Claim until such claim is resolved under the terms hereof.

Section 10.6 Indemnification Amounts.

(a) Notwithstanding any provision to the contrary contained in this Agreement, neither the Stockholders on one hand, nor the Purchaser on the other hand, shall be obligated to indemnify the Purchaser Indemnified Parties or the Stockholder Indemnified Parties, as the case may be, for any Losses pursuant to this Article X unless and until the dollar amount of all Losses incurred in the aggregate by such Purchaser Indemnified Parties or Stockholder Indemnified Parties, as applicable, exceeds $200,000 (the "Deductible"), in which case the Stockholders or the Purchaser, as the case may be, will only be obligated to indemnify the Purchaser Indemnified Parties or the Stockholder Indemnified Parties, as the case may be, for the total amount of Losses in excess thereof; provided, that in no event shall the aggregate indemnification obligations of the Stockholders or the Purchaser, as the case may be, pursuant to Section 10.2 hereof exceed $3,250,000 (the "Indemnification Cap"); provided, further, that notwithstanding the foregoing, the Purchaser Indemnified Parties' and Stockholder Indemnified Parties' rights to seek indemnification hereunder for any Losses due to, resulting from or arising out of the following shall not be subject to, the Deductible or Indemnification Cap limits contained in this Section 10.6:

(i) fraud, intentional misconduct or intentional misrepresentation of the Purchaser, the Stockholders or the Company;

(ii) any breach by the Purchaser, the Stockholders or the Company of any of the covenants or agreements contained in this Agreement;

(iii) any breach by the Company or any of the Stockholders of any representations and warranties referred to in Section 10.1(a)(i) hereof; or

(iv) the items set forth in Section 10.2(a)(iii), (iv), (v) or (vi) hereof.

Any indemnification amounts paid in connection with the matters referred to in Section 10.6(a)(i), (ii), (iii) or (iv) hereof shall not be counted towards or included in the determination of the Indemnification Cap; *provided*, *however*, that any Indemnifying Party's total liability under this Article X arising out of, relating to, or involving any of the matters referred to in Section 10.6(a)(i), (ii), (iii) or (iv) hereof shall not exceed in the aggregate the sum of $17,500,000 plus the aggregate value (calculated at the time of payment pursuant to the terms of this Agreement) of any and all Earn-out Payments actually paid or withheld in accordance with Section 10.5 hereof.

(b) For purposes of clarification and notwithstanding anything to the contrary in this Agreement, in no event and under no circumstance shall any Stockholder be liable for more than its, his or her share of (i) the Purchase Price plus (ii) any and all Earn-out Payments actually paid or withheld in accordance with Section 10.5 hereof.

Section 10.7 Exclusive Remedy. The parties hereto agree that the indemnity provisions set forth in this Article X shall be the sole monetary remedy of the Purchaser, the Company and the Stockholders after the Closing for any breach of the representations, warranties or covenants contained in this Agreement.

Section 10.8 Authorization of the Stockholder Representative.

(a) By virtue of the adoption of this Agreement and the approval of the transactions contemplated hereby by the Stockholders, each Stockholder shall be deemed to have agreed to appoint the Stockholder Representative as its agent and attorney-in-fact for and on behalf of the Stockholders in connection with, and to facilitate the consummation of the transactions contemplated by, this Agreement and the Ancillary Agreements, and in connection with the activities to be performed on behalf of the Stockholders under this Agreement, for the purposes and with the powers and authority hereinafter set forth in this Section 10.8, which shall include the full power and authority:

(i) to take such actions and execute and deliver such amendments, modifications, waivers and consents in connection with this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby as the Stockholder Representative, in his reasonable discretion, may deem necessary or desirable to give effect to the intentions of this Agreement and the Ancillary Agreements;

(ii) as the Agent of the Stockholders, to enforce and protect the rights and interests of the Stockholders and to enforce and protect the rights and interests of the Stockholder Representative arising out of or under or in any manner relating to this Agreement and each other Ancillary Agreement and, in connection therewith, to: (A) resolve all questions, disputes,

conflicts and controversies concerning (1) the payment of any Earn-out Payment and (2) indemnification claims pursuant to Article X; (B) employ such agents, consultants and professionals, to delegate authority to his agents, to take such actions and to execute such documents on behalf of the Stockholders in connection with this Agreement as the Stockholder Representative, in his reasonable discretion, deems to be in the best interest of the Stockholders; (C) assert or institute any Proceeding; (D) investigate, defend, contest or litigate any Proceeding initiated by any Person, against the Stockholder Representative, and receive process on behalf of any or all Stockholders in any such Proceeding and compromise or settle on such terms as the Stockholder Representative shall determine to be appropriate, give receipts, releases and discharges on behalf of all of the Stockholders with respect to any such Proceeding; (E) file any proofs, debts, claims and petitions as the Stockholder Representative may deem advisable or necessary; (F) settle or compromise any Proceedings asserted under Article X; (G) assume, on behalf of all of the Stockholders, the defense of any Proceeding that is the basis of any claim asserted under Article X;and (H) file and prosecute appeals from any decision, judgment or award rendered in any of the foregoing Proceedings:

(iii) to enforce payment of any other amounts payable to the Stockholders, in each case on behalf of the Stockholders, in the name of the Stockholder Representative;

(iv) to waive or refrain from enforcing any right of the Stockholders or any of them and/or the Stockholder Representative arising out of or under or in any manner relating to this Agreement or any Ancillary Agreement; and

(v) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Stockholder Representative, in his sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the activities described in paragraphs (i) through (iv) above and the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) The Purchaser shall be entitled to rely exclusively upon the communications of the Stockholder Representative relating to the foregoing as the communications of the Stockholders. The Purchaser shall not be held liable or accountable in any manner for any act or omission of the Stockholder Representative in such capacity.

(c) Each Stockholder, by its approval of this Agreement, makes, constitutes and appoints the Stockholder Representative as such Stockholder's true and lawful attorney-in-fact for and in such Stockholder's name, place, and stead and for its use and benefit, to prepare, execute, certify, acknowledge, swear to, file, deliver, or record any and all agreements, instruments or other documents, and to take any and all actions, that are within the scope and authority of the Stockholder Representative provided for in this Section 10.8. The grant of authority provided for in this Section 10.8(c) is coupled with an interest and is being granted, in part, as an inducement to the parties hereto to enter into this Agreement and shall be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Stockholder and shall be binding on any successor thereto.

(d) In the event the Stockholder Representative becomes unable to perform his responsibilities hereunder or resigns from such position, the Stockholder (acting by the vote of the Stockholders who immediately prior to the Closing held at least a majority of the Company Shares held by all Stockholders) shall select another representative to fill the vacancy of the Stockholders Representative, and such substituted representative shall be deemed to be a Stockholder Representative for all purposes of this Agreement and the Ancillary Agreements.

Section 10.9 Compensation; Exculpation.

(a) The Stockholder Representative shall not be entitled to any fee, commission or other compensation for the performance of service hereunder; provided, however, the reimbursement of fees, costs and expenses incurred by the Stockholder Representative in connection with performing the services pursuant to this Agreement shall be made from the Stockholders by periodic payments during the course of the performance of service, as and when bills are received or expenses incurred.

(b) In dealing with this Agreement and any instruments, agreements or documents relating hereto, and in exercising or failing to exercise all or any of the powers conferred upon the Stockholder Representative hereunder or thereunder (i) the Stockholder Representative shall not assume any, and shall incur no, responsibility whatsoever to any Stockholder by reason of any error in judgment or other act or omission performed or omitted hereunder or in connection with this Agreement or any Ancillary Agreement, unless by the Stockholder Representative's gross negligence or willful and intentional misconduct, and (ii) the Stockholder Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Stockholder Representative pursuant to such advice shall in no event subject the Stockholder Representative to liability to any Stockholder unless by the Stockholder Representative's gross negligence or willful and intentional misconduct. Except as set forth in the previous sentence, notwithstanding anything to the contrary contained herein, the Stockholder Representative, in his role as Stockholder Representative, shall have no liability whatsoever to the Purchaser or any other Person.

(c) All of the immunities and powers granted to the Stockholder Representative under this Agreement shall survive until the termination of the last surviving indemnity obligations under this Agreement.

(d) The adoption of this Agreement and the approval of the transactions contemplated hereby by the requisite vote or written consent of the Stockholders shall also be deemed to constitute approval of all arrangements relating to the transactions contemplated hereby and to the provisions hereof binding upon the Stockholders, including this Section 10.9.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 Notices. All notices and other communications required or permitted hereunder will be in writing and, unless otherwise provided in this Agreement, will be deemed to have been duly given when delivered in person or one (1) Business Day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below:

(a) If to the Purchaser, to:

Broadpoint Securities Group, Inc.
One Penn Plaza, 42nd Floor
New York, New York 10119
Attention: General Counsel

with a copy to:

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, New York 10019
Attention: Donald Murray, Esq.
Christopher Peterson, Esq.

(b) If to the Company to:
American Technology Research Holding, Inc.
10 Glenville Street
Greenwich, Connecticut 06831
Attention: Mr. Curtis L. Snyder

with a copy to:

Blank Rome LLP
405 Lexington Avenue
New York, New York 10174
Attention: Emanuel J. Adler, Esq.

(c) If to the Stockholder Representative to:

American Technology Research Holding, Inc.
10 Glenville Street
Greenwich, Connecticut 06831
Attention: Mr. Curtis L. Snyder

or to such other address or addresses as any such party may from time to time designate as to itself by like notice.

Section 11.2 Expenses. Regardless of whether any or all of the transactions contemplated by this Agreement are consummated, and except as otherwise expressly provided herein, direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby shall be borne by the party incurring such expenses; provided; however, the Stockholders shall bear all of the Company's direct and indirect expenses

incurred prior to the Closing Date in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby, including, but not limited to, legal, accounting, consultant, agent, advisor, brokerage and other fees and expenses.

Section 11.3 Successors and Assigns. No party to this Agreement may assign any of its rights under this Agreement without the prior written consent of the other parties hereto. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties hereto. Notwithstanding anything to the contrary in this Section 11.3, upon written notice to the Stockholders, the Purchaser shall be permitted to assign this Agreement and the rights and obligations under it to a wholly-owned direct or indirect Subsidiary of the Purchaser; provided that in the event of any such assignment, the Purchaser shall remain liable in full for the performance of its obligations hereunder. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement (whether as an original signatory hereto or through the execution of a supplemental agreement whereby such party agrees to be bound by the terms and conditions of this Agreement as if he or she was an original signatory hereto) any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

Section 11.4 Extension; Waiver. The Purchaser, on one hand, and the Company (on or prior to the Closing) and the Stockholder Representative (after the Closing), on the other hand, may, by written notice to the other (a) extend the time for performance of any of the obligations of the other under this Agreement, (b) waive any inaccuracies in the representations or warranties of the other contained in this Agreement, (c) waive compliance with any of its conditions contained in this Agreement or (d) waive compliance with or modify performance of any of the obligations or covenants of the other under this Agreement. Except as provided in the immediately preceding sentence, no action taken pursuant to this Agreement will be deemed to constitute a waiver of compliance with any representations, warranties, conditions or covenants contained in this Agreement and will not operate or be construed as a waiver of any subsequent breach, whether of a similar or dissimilar nature.

Section 11.5 Entire Agreement; Disclosure Schedules.

(a) This Agreement, which includes the Disclosure Schedules and Exhibits hereto, supersedes any other agreement, whether written or oral, that may have been made or entered into by any party relating to the matters contemplated by this Agreement and together with the Confidentiality Agreements constitute the entire agreement by and among the parties hereto. The fact that any item or information has been included on any of the Disclosure Schedules to this Agreement shall not be construed to establish, in whole or in part, any standard of the extent disclosure is required (including any standard of materiality), for purposes of the Disclosure Schedules or this Agreement.

(b) Disclosure made with respect to any section of the Disclosure Schedules shall also be deemed disclosed on other sections or subsections of the Disclosure Schedules to the extent the relevance of such disclosure is apparent on its face to such other sections or subsections.

Section 11.6 Amendments, Supplements, Etc. This Agreement may be amended or supplemented only by written agreement signed by the party against whom enforcement is sought.

Section 11.7 Applicable Law; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed under the laws of the State of New York (without regard to the conflict of law principles thereof).

(b) Each of the parties hereby irrevocably submits to the jurisdiction of any state or federal court located in Manhattan, New York City solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said court or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such court, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.1 hereof or in such other manner as may be permitted by applicable law shall be valid and sufficient service thereof.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY

OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO IT THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.7(c).

Section 11.8 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement.

Section 11.9 Titles and Headings. 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.

Section 11.10 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations under this Agreement of the Stockholders on the one hand and the Purchaser on the other hand will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 11.11 Publicity. Except as otherwise required by applicable Law or the rules and regulations of any national securities exchange, prior to the Closing no party shall issue any press release or otherwise make any public statement with respect to the transactions contemplated by this Agreement without prior consultation with and consent of the Purchaser and the Stockholder Representative or the Company. From and after the Closing, except as otherwise required by applicable Law or the rules and regulations of any national securities exchange, no party shall issue any press release or otherwise make any public statement with respect to the transactions contemplated by this Agreement without prior consultation with and consent of the Purchaser and the Stockholder Representative, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 11.12 Specific Performance; Equitable Remedies.

(a) The parties hereto agree that, in addition to any other remedies available at law or under this Agreement, if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage could occur, no adequate remedy at law would exist and damages could be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other rights or remedies at law or under this agreement. The parties further agree that neither the Purchaser nor the Stockholders shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 11.12, and the parties irrevocably waive any right any party may have to require the obtaining, furnishing or posting of any such bond or similar instrument. The parties hereto agree that, in the event of any breach or threatened breach by the other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it under this Agreement, including monetary damages) to seek and obtain (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, and (b) an injunction restraining such breach or threatened breach.

Section 11.13 STOCKHOLDER RELEASE. EFFECTIVE AS OF THE CLOSING, EACH STOCKHOLDER DOES FOR ITSELF, HIMSELF OR HERSELF, AND ITS, HIS OR HER RESPECTIVE AFFILIATES, PARTNERS, HEIRS, BENEFICIARIES, SUCCESSORS AND ASSIGNS, IF ANY, RELEASE AND ABSOLUTELY FOREVER DISCHARGE THE COMPANY AND ITS OFFICERS, DIRECTORS, STOCKHOLDERS, AFFILIATES, EMPLOYEES AND AGENTS (EACH, A "RELEASED PARTY") FROM AND AGAINST ALL RELEASED MATTERS. "RELEASED MATTERS" MEANS ANY AND ALL CLAIMS, DEMANDS, DAMAGES, DEBTS, LIABILITIES, OBLIGATIONS, COSTS, EXPENSES (INCLUDING ATTORNEYS' AND ACCOUNTANTS' FEES AND EXPENSES), ACTIONS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, ARISING ON OR PRIOR TO THE CLOSING DATE, WHETHER NOW KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, THAT SUCH STOCKHOLDER NOW HAS, OR AT ANY TIME PREVIOUSLY HAD, OR SHALL OR MAY HAVE IN THE FUTURE, AS A STOCKHOLDER, OFFICER, DIRECTOR, CONTRACTOR, CONSULTANT OR EMPLOYEE OF THE COMPANY OR ITS SUBSIDIARIES, ARISING BY VIRTUE OF OR IN ANY MATTER RELATED TO ANY ACTIONS OR INACTIONS WITH RESPECT TO THE COMPANY OR ITS AFFAIRS WITH RESPECT TO THE COMPANY ON OR BEFORE THE CLOSING DATE; PROVIDED THAT RELEASED MATTERS SHALL NOT INCLUDE ANY RIGHT PURSUANT TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE DOCUMENTS AND INSTRUMENTS DELIVERED HEREUNDER OR ANY RIGHTS SPECIFICALLY IDENTIFIED IN SECTION 11.13(c) OF THE DISCLOSURE SCHEDULE. IT IS THE INTENTION OF THE STOCKHOLDERS IN EXECUTING THIS RELEASE, AND IN GIVING AND RECEIVING THE CONSIDERATION CALLED FOR HEREIN, THAT THE RELEASE CONTAINED

IN THIS SECTION 11.13 SHALL BE EFFECTIVE AS A FULL AND FINAL ACCORD AND SATISFACTION AND GENERAL RELEASE OF AND FROM ALL RELEASED MATTERS AND THE FINAL RESOLUTION BY SUCH STOCKHOLDER AND THE RELEASED PARTIES OF ALL RELEASED MATTERS. NOTWITHSTANDING ANYTHING HEREIN OR OTHERWISE TO THE CONTRARY, THE RELEASE CONTAINED IN THIS SECTION 11.13 WILL NOT BE EFFECTIVE SO AS TO BENEFIT A PARTICULAR RELEASED PARTY IN CONNECTION WITH ANY MATTER OR EVENT THAT WOULD OTHERWISE CONSTITUTE A RELEASED MATTER, BUT INVOLVED FRAUD OR THE BREACH OF ANY APPLICABLE LAW ON THE PART OF SUCH RELEASED PARTY. THE INVALIDITY OR UNENFORCEABILITY OF ANY PART OF THIS SECTION 11.13 SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF THE REMAINDER OF THIS SECTION 11.13, WHICH SHALL REMAIN IN FULL FORCE AND EFFECT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BROADPOINT SECURITIES GROUP, INC.

By: /s/ Lee Fensterstock
Name: Lee Fensterstock
Title: Chairman and CEO

AMERICAN TECHNOLOGY RESEARCH HOLDINGS, INC.

By: /s/ Curtis L. Snyder
Name: Curtis L. Snyder
Title: President

RICHARD J. PRATO

/s/ Richard J. Prati

CURTIS L. SNYDER

/s/ Curtis L. Snyder

RICHARD BROWN

/s/ Richard Brown

ROBERT SANDERSON

/s/ Robert Sanderson

BRADLEY GASTWIRTH

/s/ Bradley Gastwirth

Exhibit 10.7

NON-COMPETITION AND NON-SOLICITATION AGREEMENT

THIS NON-COMPETITION AND NON-SOLICITATION AGREEMENT (the "Agreement") is made by and between Broadpoint Securities Group, Inc., a New York corporation and its successors ("Broadpoint"), and the undersigned prospective stockholder (the "Stakeholder") in Broadpoint.

WHEREAS, an Agreement and Plan of Merger by and among Broadpoint, Magnolia Advisory LLC, Gleacher Partners Inc., certain of the stockholders of Gleacher Partners Inc., and each of the holders of interests in Gleacher Holdings, LLC, dated as of March 2, 2009 (the "Merger Agreement") will be entered into concurrently with the execution of this Agreement, pursuant to which Gleacher Partners Inc. will be merged with and into Magnolia Advisory LLC (the "Merger");

WHEREAS, in connection with the Merger, Stakeholder shall receive significant consideration pursuant to the terms of the Merger Agreement;

WHEREAS, as a condition to the Merger, the Merger Agreement contemplates, among other things, that Stakeholder shall enter into this Agreement; and

WHEREAS, as a condition to the Merger, the Merger Agreement also contemplates Stakeholder and Broadpoint Capital, Inc. ("Company") shall enter into an Employment Agreement concurrently with the execution of this Agreement (the "Employment Agreement").

NOW, THEREFORE, in consideration of the mutual promises made herein, Broadpoint and the Stakeholder hereby agree as follows:

1. Covenant Not to Compete or Solicit.

(a) Non-Competition. Until the third anniversary of the Closing Date, as defined in the Merger Agreement (the "Term"), the Stakeholder shall not (other than on behalf of Broadpoint and Company), without the prior written consent of Broadpoint, directly or indirectly, either on his own behalf or on behalf of any other person, (i) engage in a Competitive Business Activity (as defined below) anywhere in the Restricted Territory (as defined below), or (ii) induce, persuade or attempt to induce or persuade any customer, supplier or other person having business dealings with Broadpoint, Company or any of their affiliates to restrict its business relationship or dealings with Broadpoint, Company or any such affiliate, or (iii) make any statement or other communication that impugns or attacks the reputation or character of Broadpoint, Company or any of their affiliates, or damages the goodwill of any of them. During the Term, none of Broadpoint, Company or any of their affiliates shall make any statement or other communications that impugns or attacks the reputation or character of the Stakeholder, or damages the goodwill of the Stakeholder and Broadpoint, Company and their affiliates shall instruct their respective directors and executive officers not to make any such statements. Upon termination of the Merger Agreement without the prior occurrence of the Closing Date, this Agreement shall automatically terminate and be of no further force or effect. For all purposes of this Agreement, "affiliate" shall mean a controlled affiliate.

For all purposes hereof, the term "Competitive Business Activity" shall mean: (i) engaging in, or managing or directing persons engaged in any business in competition with the business of Broadpoint, Company or any of their affiliates; (ii) acquiring or having an ownership interest in any entity that derives revenues from any business in competition with the business of Broadpoint, Company or any of their affiliates (except for passive ownership of five percent (5%) or less of any entity whose securities are publicly traded on a national securities exchange or market or five percent (5%) or less of any entity whose securities are not publicly traded on a national securities exchange or market); or (iii) participating in the operation, management or control of any firm, partnership, corporation, entity or business (each, an "Entity") described in clause (ii) of this sentence. Notwithstanding anything contained herein to the contrary, the Stakeholder's ownership interest in and/or continued provision of services to Gleacher Mezzanine Funds and/or Gleacher Fund Advisors shall in no event be deemed a Competitive Business Activity or give rise to a breach of this Agreement; provided that Stakeholder does not devote more than ten hours to the provision of such services during any month during the term of the Employment Agreement.

For all purposes hereof, the term "Restricted Territory" shall mean each and every country, province, state,

city or other political subdivision of North America, Central America, South America, Asia, Australia and Europe in which Broadpoint, Company or any of their affiliates is currently engaged in business or otherwise distributes, licenses or sells its products.

(b) Non-Solicitation. During the Term, the Stakeholder shall not solicit, encourage or take any other action which is intended to induce or encourage, or could reasonably be expected to have the effect of inducing or encouraging, any employee of Broadpoint or any of its subsidiaries to terminate his employment with Broadpoint or any such subsidiary.

(c) The covenants contained in Section 1(a) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision of the Restricted Territory. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in Section 1(a) hereof. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 1 are deemed to exceed the time, geographic or scope limitations permitted by applicable law of a country, province, state, city or other political subdivision of the Restricted Territory, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable laws or the relevant jurisdiction.

(d) The Stakeholder acknowledges that (i) the goodwill associated with Gleacher Partners Inc. prior to the Merger is an integral component of the value of Broadpoint and Company following the Merger and is reflected in the consideration to be received by the Stakeholder, and (ii) the Stakeholder's agreement as set forth herein is necessary to preserve the value of Broadpoint and Company following the Merger. The Stakeholder also acknowledges that the limitations of time, geography and scope of activity agreed to in this Agreement are reasonable because, among other things, (A) Broadpoint and Company are engaged in a highly competitive industry, (B) the Stakeholder has unique access to, and will continue to have access to, the trade secrets and know-how relating to Broadpoint and Company, including, without limitation, the plans and strategy (and, in particular, the competitive strategy) relating to Broadpoint and Company, (C) if the Stakeholder becomes an employee of Broadpoint, Company or any of their affiliates during the Term, the Stakeholder is accepting such employment on favorable terms in connection with the Merger, (D) in the event the Stakeholder's employment with Broadpoint, Company or any such affiliate ended, the Stakeholder would be able to obtain suitable and satisfactory employment without violation of this Agreement, and (E) this Agreement provides no more protection than is necessary to protect Broadpoint's interests in its and in Company's and Magnolia Advisory LLC's goodwill, trade secrets and confidential information.

2. Confidentiality

The Stakeholder recognizes and acknowledges that the Proprietary Information (as hereinafter defined) is a valuable, special and unique asset of Broadpoint. As a result, except (i) as required in order to perform his obligations under this Agreement or the Employment Agreement, (ii) as may otherwise be required by law or any legal or regulatory (including self-regulatory) process, or (iii) as is necessary in connection with any adversarial proceeding against Broadpoint, Company or any of their affiliates (in which case the Stakeholder shall use his reasonable best efforts in cooperating with Broadpoint, Company and any such affiliate in obtaining a protective order against disclosure by a court of competent jurisdiction), the Stakeholder shall not, without the express prior written consent of Broadpoint, for any reason either directly or indirectly divulge to any third-party or use for his own benefit, or for any purpose other than the exclusive benefit of Broadpoint, Company and their affiliates, any confidential, proprietary, business and technical information or trade secrets of Broadpoint, Company or any of their affiliates, including, without limitation, Magnolia Advisory LLC (the " Proprietary Information") revealed, obtained or developed in the course of his employment with Broadpoint, Company or any such affiliate. Proprietary Information shall include any confidential or proprietary information or trade secrets relating to any patents or other intellectual property assigned by the Stakeholder to Broadpoint, Company or any of their affiliates. Proprietary Information also shall include, but shall not be limited to intangible personal property; technical information, including research design, results, techniques and processes; apparatus and equipment design; computer software; technical management information, including project proposals, research plans, status reports, performance objectives and criteria, and analyses of areas for business development; and business information, including project, financial, accounting and personnel information, business strategies, plans and forecasts, customer lists, customer information and sales and marketing plans, efforts, information and data. In addition, " Proprietary Information" shall include all information and materials received by the Stakeholder, Broadpoint, Company or any of their affiliates from a third party subject to an obligation of confidentiality and/or non-disclosure. Furthermore, nothing contained herein shall restrict the Stakeholder from divulging or using for his own benefit or for any other purpose any Proprietary Information that is readily available to the general public so long as such information did not become available to the general public as a direct or indirect result of the Stakeholder's breach of this Section 2. Failure by Broadpoint, Company or any of their affiliates to mark any of the Proprietary Information as confidential or proprietary shall not affect its status as Proprietary Information under the terms of

this Agreement.

3. Property.

(a) Removal and Distribution. All right, title and interest in and to Proprietary Information shall be and remain the sole and exclusive property of Broadpoint. During the Term, the Stakeholder shall not remove from the offices or premises of Broadpoint or Company, as applicable, any documents, records, notebooks, files, correspondence, reports, memoranda or similar materials of or containing Proprietary Information, or other materials or property of any kind belonging to Broadpoint, Company or any of their affiliates unless necessary or appropriate in accordance with the duties and responsibilities required by or appropriate for employment and, in the event that such materials or property are removed, all of the foregoing shall be returned to their proper files or places of safekeeping as promptly as possible after the removal shall serve its specific purpose. The Stakeholder shall not make, retain, remove and/or distribute any copies of any of the foregoing for any reason whatsoever, except as may be necessary in the discharge of the assigned duties and shall not divulge to any third person the nature of and/or contents of any of the foregoing or of any other oral or written information to which he may have access or with which for any reason he may become familiar, except as disclosure shall be necessary in the performance of the duties; and upon the termination of his employment with Broadpoint, Company and all of their affiliates, the Stakeholder shall return to Broadpoint or Company, as applicable, all originals and copies of the foregoing then in his possession or under his control, whether prepared by the Stakeholder or by others.

(b) Developments. The Stakeholder acknowledges that all right, title and interest in and to any and all writings, documents, inventions, discoveries, ideas, developments, information, computer programs or instructions (whether in source code, object code, or any other form), algorithms, formulae, plans, memoranda, tests, research, designs, innovations, systems, analyses, specifications, models, data, diagrams, flow charts, and/or techniques (whether patentable or non-patentable or whether reduced to written or electronic form or otherwise) that the Stakeholder creates, makes, conceives, discovers or develops, either solely or jointly with any other person, at any time during employment or service with Broadpoint, Company or any of their affiliates, whether during working hours or at any facility of Broadpoint, Company or any of their affiliates or at any other time or location, and whether upon the request or suggestion of Broadpoint, Company or otherwise, (collectively, " Intellectual Work Product") shall be the sole and exclusive property of Broadpoint. The Stakeholder shall promptly disclose to Broadpoint all Intellectual Work Product, and the Stakeholder shall have no claim for additional compensation for the Intellectual Work Product, except for any excluded Intellectual Work Product that is wholly unrelated to the business of Broadpoint, Company or any of their affiliates, in the broadest sense, provided that such Intellectual Work Product is not conceived, discovered or developed, either solely or jointly with any other person during working hours or at any facility of Broadpoint, Company or any of their affiliates or using any other Broadpoint related resource.

(1) The Stakeholder acknowledges that all the Intellectual Work Product that is copyrightable shall be considered a work made for hire under United States Copyright Law. To the extent that any copyrightable Intellectual Work Product may not be considered a work made for hire under the applicable provisions of the United States Copyright Law, or to the extent that, notwithstanding the foregoing provisions, the Stakeholder may retain an interest in any Intellectual Work Product, the Stakeholder hereby irrevocably assigns and transfers to Broadpoint any and all right, title, or interest that the Stakeholder may have in the Intellectual Work Product under copyright, patent, trade secret and trademark law, in perpetuity or for the longest period otherwise permitted by law, without the necessity of further consideration. Broadpoint shall be entitled to obtain and hold in its own name all copyrights, patents, trade secrets, and trademarks with respect thereto.

(2) The Stakeholder shall reveal promptly all information relating to any such Intellectual Property to the Board of Directors, and, at Broadpoint's expense, shall cooperate with Broadpoint and execute such documents as may be necessary or appropriate (i) in the event that Broadpoint desires to seek copyright, patent or trademark protection, or other analogous protection, thereafter relating to the Intellectual Work Product, and when such protection is obtained, renew and restore the same, or (ii) to defend any opposition proceedings in respect of obtaining and maintaining such copyright, patent or trademark protection, or other analogous protection.

(3) In the event Broadpoint is unable after reasonable effort to secure the

Stakeholder's signature on any of the documents referenced in Section 3(b)(2) hereof, whether because of the Stakeholder's physical or mental incapacity or for any other reason whatsoever, the Stakeholder hereby irrevocably designates and appoints Broadpoint and its duly authorized officers and agents as the Stakeholder's agent and attorney-in-fact, to act for and on the behalf and stead to execute and file any such documents and to do all other lawfully permitted acts to further the prosecution and issuance of any such copyright, patent or trademark protection, or other analogous protection, with the same legal force and effect as if executed by the Stakeholder.

4. Miscellaneous.

(a) Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of New York without reference to rules of conflicts of law. The Stakeholder hereby consents to the personal jurisdiction of the state and federal courts located in New York, New York, for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(b) Specific Performance; Injunctive Relief. The parties acknowledge that (i) Broadpoint will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of the Stakeholder set forth herein, (ii) the nature of the business of Broadpoint, Company and their affiliates is such that it could be conducted anywhere in the world and that it is not limited to a geographic scope or region, (iii) the provisions of this Agreement are reasonable and necessary for the protection of the business of Broadpoint, Company and their affiliates, (iv) the Stakeholder will not be unreasonably precluded from earning a living following his termination of employment if the provisions of this Agreement are fully enforced, and (v) Broadpoint would not have entered into this Agreement, and Company would not have entered into the Employment Agreement, unless Executive agreed to be bound by the terms of Sections 1, 2 and 3 of this Agreement. Therefore, it is agreed that, in addition to any other remedies that may be available to Broadpoint upon any such violation, Broadpoint shall have the right to seek enforcement of such covenants and agreements by specific performance, injunctive relief or by any other means available to Broadpoint at law or in equity.

(c) Severability. If any portion of this Agreement is held by an arbitrator or a court of competent jurisdiction to conflict with any federal, state or local law, or to be otherwise invalid or unenforceable, such portion of this Agreement shall be of no force or effect and this Agreement shall otherwise remain in full force and effect and be construed as if such portion had not been included in this Agreement.

(d) No Assignment. Because the nature of the Agreement is specific to the actions of the Stakeholder, the Stakeholder may not assign this Agreement. This Agreement shall inure to the benefit of Broadpoint and its successors and assigns.

(e) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice); provided, however, that notices sent by mail will not be deemed given until received:

(i) if to Broadpoint, to:

Broadpoint Securities Group, Inc.
12 East 49th Street, 31st Floor
New York, New York 10017
Attn: General Counsel
Telephone No.: 212-273-7178
Facsimile No.: 212-273-7320

(ii) if to the Stakeholder, at the address last set forth on the records of Company.

(f) Entire Agreement. This Agreement and the Employment Agreement contain the entire agreement and understanding of the parties and supersedes all prior discussions, agreements and understandings relating to the subject matter hereof. This Agreement may not be changed or modified, except by an agreement in writing executed by Broadpoint and the Stakeholder.

(g) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in

writing, shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(h) Headings. All captions and section headings used in this Agreement are for convenience only and do not form a part of this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(j) The Stakeholder's obligations under this Agreement shall remain in effect regardless of the Stakeholder's employment status with Broadpoint or any of its affiliates.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 2nd day of March, 2009.

BROADPOINT SECURITIES GROUP, INC.:

By: /s/ Lee Fensterstock

Name: Lee Fensterstock

Title: Chairman and Chief Executive Officer

STAKEHOLDER:

By: /s/ Eric Gleacher

Name: Eric Gleacher

[Signature page of Eric Gleacher to Non-Compete Agreement by and between Broadpoint Securities Group, Inc. and Eric Gleacher]

Exhibit 10.8

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
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)
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
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, when 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

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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

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"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;

(k) (i) sell, lease, transfer or otherwise dispose of, any of its material property or assets other than in the ordinary course of business consistent with past practice or (ii) create Liens on any of its material property or assets, other than Permitted Liens;

(l) sell, assign, lease, license, transfer or otherwise dispose of, mortgage, pledge or encumber, any real property or amend in any material respect, terminate, modify in any material respect, renew or assign any rights under any real property lease;

(m) sell, assign, lease, license, transfer or otherwise dispose of, mortgage, pledge or encumber, any Owned Company Intellectual Property or amend in any material respect, terminate, modify in any material respect, renew or assign any rights under any Contract related to any Company Intellectual Property 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(m) in the ordinary course of business;

(n) make any loans, advances or capital contributions (other than advances for travel and other normal business expenses to officers and employees), except in the ordinary course of business;

(o) commit to make any capital expenditure or fail to make any planned capital expenditures, or enter into any commitments or transactions not in the ordinary course of business, in any case involving aggregate value in excess of $100,000, or make aggregate capital expenditures or commitments in excess of $100,000;

(p) fail to maintain all its assets in good repair and condition in all material respects, except to the extent of wear or use in the ordinary course of business or damage by fire or other unavoidable casualty;

(q) except as may be required as a result of a change in applicable Law or GAAP, change any accounting principles or practices used by the Company or any of its Subsidiaries;

(r) institute, settle or dismiss any material action, claim, demand, lawsuit, proceeding, arbitration or grievance by or before any court, arbitrator or governmental or regulatory body threatened against, relating to or involving the Company or any of its Subsidiaries in connection with any business, asset or property of the Company or any of its Subsidiaries;

(s) enter into any Contract with a term of more than twelve (12) months or involving the payment, or provision of goods or services, in excess of $100,000 (other than Contracts entered into in the ordinary course of business consistent with past practice or Contracts that can be terminated on no more than 60 days notice without payment of any fee);

(t) make, revoke or change any Tax election or change any Tax accounting method, settle or compromise any Tax liability, or waive or consent to the extension of any statute of limitations for the assessment and collection of any Tax (this clause (t) being the sole provision of this Section 7.1 governing Tax matters);

(u) either fail to pay in any material respect the accounts payable or other liabilities of the Company or any of its Subsidiaries, or fail to pursue to collect in any material respect any of the accounts receivable or other indebtedness owed to the Company or any of its Subsidiaries, in a manner consistent with the practices of the Company prior to the date hereof;

(v) abandon or fail to maintain in any material respect any registration for or registration of any Owned Company Intellectual Property; or

(w) authorize, agree or commit to take any of the foregoing actions.

This Section 7.1 is not intended to, in any way, confer overall control of the Company or its operations to Parent or any of its directors, officers, employees, Affiliates. Related Parties or any investment banker, financial advisor, attorney, accountant or other advisor, agent or representative (collectively, "Representatives"). As of the Closing, the Company and its Subsidiaries shall not, and the Selling Parties shall cause the Company and its Subsidiaries not to, have any Indebtedness outstanding or any assets subject to any Liens. Solely for purposes of this Section 7.1, "Indebtedness" and "Liens" shall have the respective meaning given to each such in the Mast Preferred Stock Purchase Agreement.

Section 7.2 Access. From the date of this Agreement until the Closing Date or the termination of this Agreement, each party will afford the other and each of their authorized Representatives access at all reasonable times and upon reasonable notice to all of its and its Subsidiaries' assets, properties, Personnel and operations and to all its and its Subsidiaries' books and

records, and each party will permit the other and each of their authorized Representatives to review its books and records and to conduct such inspections as they may reasonably request, and the Company will permit the Buying Parties and each of their authorized Representatives to review the Financial Statements, subject to compliance with applicable Law; provided, however, that (i) such investigation shall not unreasonably interfere with the business operations of any party; (ii) no party shall be required to provide access to any information or take any other action that would constitute a waiver of the attorney-client privilege; (iii) no party need supply the other party with any information which, in the reasonable judgment of such party, such party is under a legal obligation not to supply; and (iv) no Stockholder (or Holder) other than the Selling Parties' Representative shall have any rights under this Section 7.2; provided, however, that in the case of clause (iii), such party shall promptly provide to the other party a general description of such information not being supplied and such party shall use its reasonable best efforts to obtain any consent required to disclose such information. Each party will instruct its officers to furnish such Persons with such financial and operating data and other information with respect to its business, prospects and properties as such Persons may from time to time reasonably request. All information obtained in connection with such access shall be governed by the Non-Disclosure Agreement between Parent and the Company dated January 28, 2009 (the "Confidentiality Agreement"), the terms and provisions of which shall be incorporated by reference into this Agreement.

Section 7.3 Notification. The Company and each of the Selling Parties (only with respect to information within its, his or her possession) shall promptly notify Parent, and Parent shall promptly notify the Company, of (i) any fact, change, condition, circumstance, event, occurrence or non-occurrence that has caused or is reasonably likely to cause any representation or warranty in this Agreement made by it, him or her to be untrue or inaccurate in any material respect at any time after the date hereof and prior to the Closing, (ii) any material failure on its or their part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or (iii) any litigation, arbitration or administrative proceeding pending or, to their Knowledge, threatened against the Company or any of its Subsidiaries, the Stockholders, the Holders, or the Buying Parties, as the case may be, which challenges the transactions contemplated by this Agreement or any Ancillary Agreement; provided that each of the parties hereto agrees that the delivery of any notice pursuant to this Section 7.3 shall not limit, diminish or otherwise affect the remedies available hereunder to the party receiving such notice, or the representations or warranties of, or the conditions to the obligations of, the parties hereto. No failure to comply with this Section 7.3 shall by itself constitute the failure of any condition set forth in Article VIII, or by itself give rise to any rights of termination under Article IX or indemnification under Article X, except to the extent the underlying matter would independently result in the failure of a condition set forth in Article VIII or give rise to any rights of termination or indemnification under Article IX or X, respectively.

Section 7.4 Reasonable Best Efforts.

(a) Upon the terms and subject to the conditions of this Agreement, the Company, each of the Selling Parties and the Buying Parties shall 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 Transactions and the transactions contemplated by the Ancillary Agreements as promptly as practicable, including, without limitation, (i) the prompt preparation and filing of all forms, registrations, notices and other filings required to be filed to consummate the Transactions and the transactions contemplated by the Ancillary Agreements and the taking of such reasonable best efforts as are necessary to obtain at the earliest practicable date any approvals, consents, orders, exemptions or waivers of any Governmental Authority or any other Person, and (ii) using reasonable best efforts to cause the satisfaction of all conditions to Closing. Each of Parent, on the one hand, and the Company and the Selling Parties, on the other hand, shall promptly consult with the other with respect to, provide any necessary information with respect to, and provide the other (or its counsel) advanced copies of, all filings made by such party with any Governmental Authority or any other Person or any other information supplied by such party to a Governmental Authority or any other Person in connection with this Agreement and the transactions contemplated by this Agreement. The Company shall allow the Buying Parties to be present and participate in all communications and meetings with any Governmental Authority.

(b) Without limiting the generality of the foregoing, (i) as promptly as practicable, but in no event later than ten Business Days following the execution and delivery hereof, the Selling Parties shall file or cause to be filed with FINRA a change of control notice and continuing membership application pursuant to NASD Rule 1017 with respect to Partners (the "Partners FINRA Notice") and Parent shall file or cause to be filed with FINRA the FINRA notice, if required for the Transaction, with respect to Broadpoint Capital, Inc. (the "Broadpoint Capital FINRA Notice" and, together with the Partners FINRA Notice, the "FINRA Notices") and (ii) as promptly as practicable, but in no event later than ten Business Days following the determination that the filing is required by applicable Law, each of the Selling Parties and Parent shall file or cause to be filed with the United States Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") the notification and report form, if any, required for the Transactions and shall, as promptly as practicable, file with the FTC and DOJ any supplemental information requested in connection therewith pursuant to the HSR Act. Any such notification and report form and supplemental information shall be in substantial compliance with the requirements of the

HSR Act or FINRA rules, as applicable. Each of the Company, the Selling Parties, Parent and Merger Sub shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under the HSR Act or required by FINRA.

(c) Each party hereto shall promptly inform the others of any communication from any Governmental Authority regarding any of the Transactions.

(d) Each of the Selling Parties agrees that he shall not sell, transfer, pledge, hypothecate, mortgage or encumber his Company Shares or Interests, as applicable, other than as contemplated by this Agreement or take any action reasonably expected to cause the non-satisfaction of the conditions to Closing set forth in Article VIII hereof.

Section 7.5 Parent Information Statement.

(a) As promptly as practicable following the execution of this Agreement, Parent shall prepare and, after consultation with and receipt of any comments from the Company, file with the SEC an information statement (the "Information Statement") to be sent to Parent's stockholders in connection with the approval through the execution of the Stockholders Consent of the Charter Amendment and Share Issuance pursuant to the provisions of Section 615 of the New York Business Corporation Law. Each of the Company and the Selling Parties shall cooperate with Parent in connection with the preparation of the Information Statement and shall furnish all information concerning such party as Parent may reasonably request in connection with the preparation of the Information Statement including all information related to the Company and the Selling Parties required to be set forth in the Information Statement pursuant to rules and regulations promulgated by the SEC under the Exchange Act. Parent, the Company and each of the Selling Parties shall each use its reasonable best efforts to have the Information Statement cleared by the SEC as promptly as reasonably practicable after such filing. Parent shall use its reasonable best efforts to cause the Information Statement to be mailed to Parent's shareholders promptly after the Information Statement is cleared by the SEC.

(b) Parent shall promptly notify the Company of (i) the receipt of any comments from the SEC and all other written correspondence and oral communications with the SEC relating to the Information Statement and (ii) any request by the SEC for any amendment or supplement to the Information Statement or for additional information with respect thereto. Drafts of the Information Statement and any amendment or supplement thereto shall be provided to the Company for its review and comment before Parent files them with the SEC.

(c) If at any time prior to the Effective Time any party hereto becomes aware of any information relating to the Company, the Selling Parties or the Buying Parties or any of their respective Affiliates, directors or officers, which should be set forth in an amendment or supplement to the Information Statement, so that the Information Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, such party shall promptly notify the other parties and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by law, disseminated to Parent's shareholders.

Section 7.6 Further Assurances. From time to time after the Closing, without additional consideration, each party hereto will (or, if appropriate, cause its Affiliates to) execute and deliver such further instruments and take such other action as may be necessary or reasonably requested by the other party to make effective the transactions contemplated by this Agreement and the Ancillary Agreements and to provide the other party with the intended benefits of this Agreement and the Ancillary Agreements.

Section 7.7 Confidentiality. The Selling Parties acknowledge and agree that from and after the date hereof each Selling Party shall keep confidential any and all information (whether in oral or written form, electronically stored or otherwise) (i) that is related in any way to the Company or any of its Subsidiaries or the Buying Parties or (ii) received from another party that is related to this Agreement, any of the Ancillary Agreements or the transactions contemplated hereby and thereby (collectively, "Confidential Information"); provided that any Confidential Information that (i) was or becomes generally available to the public other than as a result of a disclosure by the party receiving such Confidential Information in violation of this Agreement, (ii) was or becomes available to a party on a non-confidential basis from a source other than the party disclosing such Confidential Information or its Representatives; provided, further, that such source was not known to the Selling Party to be bound by any agreement or obligation to keep such information confidential, or (iii) was independently developed by the party receiving such Confidential Information or its Representatives without reference to any Confidential Information, shall not be subject to the restrictions contained in this Section 7.7. Notwithstanding anything to the contrary contained herein, a party may disclose the Confidential Information to its Representatives who need to know such Confidential Information to evaluate the Transactions or the transactions contemplated by the Ancillary Agreements, are informed of its

confidential nature, and agree to abide by this Section 7.7. In the event that a Selling Party is required by Law, regulation, supervisory authority or other applicable judicial or governmental order to disclose any Confidential Information, such Selling Party shall provide Parent with prompt written notice, unless notice is prohibited by Law, of any such request or requirement so that Parent may seek a protective order or other appropriate remedy. If, failing the entry of a protective order (which the party required to disclose will use its commercially reasonable efforts to obtain), the Selling Party required to disclose the Confidential Information is, upon the advice of its counsel, compelled to disclose such Confidential Information, such Selling Party may disclose that portion of the Confidential Information that counsel advises that such Selling Party is compelled to disclose and will exercise commercially reasonable efforts to obtain assurance to the extent possible that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed. In any event, any Selling Party required to disclose the Confidential Information will use its commercially reasonable efforts to, and will not oppose action by Parent to, obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. The Selling Parties' obligations under this Section 7.7 shall survive the Closing Date until the second anniversary thereof, provided that if this Agreement terminates prior to the Closing, this Section 7.7 shall terminate concurrently with the Agreement.

Section 7.8 Consents. The parties will use their reasonable best efforts to obtain such Consents and authorizations of third parties, give notices to third parties and take such other actions as may be necessary or appropriate in order to effect the consummation of the transactions contemplated by this Agreement and to enable the Company and its Subsidiaries to carry on its business after the Closing Date substantially as such business was conducted by it prior to the Closing Date including, without limitation, the Consents referred to in Section 4.3. If the Company is unable to obtain any such Consent or authorization from any Person (other than a Governmental Authority) prior to the Closing, following the Closing until such Consents or authorizations are obtained, the Selling Parties shall use their reasonable best efforts in cooperation with the Buying Parties (at the Buying Parties request and expense) to obtain such Consents or authorizations.

Section 7.9 Tax Matters.

(a) Parent shall prepare and file, or cause to be prepared and filed, all Company Tax Returns for any taxable period ending on, before or including the Closing Date and with due dates (including extensions) after the Closing Date. To the extent any Taxes shown as due on any Tax Return described in this Section 7.9(a) are indemnifiable by the Selling Parties pursuant to this Agreement, such Tax Returns shall be prepared in a manner consistent with prior practice unless a contrary treatment is required by applicable Law, and the Parent shall provide (or cause the Company and the Company's Subsidiaries to provide) the Selling Parties' Representative with copies of such Tax Returns at least 30 days prior to the due date for filing thereof (including extensions) for the Selling Parties' Representative's review and approval. Parent and the Selling Parties' Representative shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that Parent and the Selling Parties' Representative are unable to resolve any dispute with respect to such Tax Return at least fifteen (15) days prior to the due date for filing, such dispute shall be resolved by the Reviewing Accountant, which resolution shall be binding on the parties. Notwithstanding the foregoing, nothing contained in this Section 7.9(a) shall in any manner terminate, limit or adversely affect any right to receive indemnification pursuant to any provision in this Agreement.

(b) All transfer, documentary, sales, use, registration and other such Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be shared equally by the Selling Parties, on the one hand, and the Buying Parties, on the other; provided that, notwithstanding anything to the contrary in this Agreement, all transfer, documentary, sales, use, registration and other such Taxes incurred in connection with the distribution or transfer of any asset identified in Section 7.1(b) of the Disclosure Schedule shall be borne by the Selling Parties. The Buying Parties and the Selling Parties shall cooperate to the extent necessary in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

(c) All contracts, agreements or arrangements under which the Company or any of the Company's Subsidiaries may at any time have an obligation to indemnify for or share the payment of or liability for any portion of a Tax (or any amount calculated with reference to any portion of a Tax) (other than any such contract, agreement, arrangement between or among the Company and/or its Subsidiaries) shall be terminated with respect to the Company and any such Subsidiary as of the Closing Date, and the Company and such Subsidiary shall thereafter be released from any liability thereunder.

(d) The Company, the Company's Subsidiaries, the Buying Parties and the Selling Parties shall, and shall each cause their Affiliates to, provide to the other cooperation and information, as and to the extent reasonably requested, in connection with the filing of any Tax Return, in conducting any audit, examination, litigation or other proceeding with respect to Taxes or in connection with any other matter related to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit,

litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Selling Parties, the Buying Parties and the Company shall, and shall cause their respective Affiliates to (i) retain all books and records with respect to Tax matters pertinent to the Company and its Subsidiaries relating to any Pre-Closing Tax Period, and to abide by all record retention agreements entered into with any Taxing Authority, and (ii) to give the other party reasonable written notice prior to destroying or discarding any such books and records and, if the other party so requests, the Selling Parties and the Buying Parties, as the case may be shall allow the other party to take possession of such books and records. The Selling Parties, the Buying Parties and the Company further agree, upon request, to use all commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or customer of the Company or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including but not limited to with respect to the Merger).

(e) Prior to Closing, each Selling Party shall deliver to the Buying Parties a completed IRS Form W-9.

(f) The Buying Parties, the Company and the Selling Parties shall cooperate with each other and use their respective reasonable efforts to cause the Merger or the Alternative Structure, as the case may be, to qualify as a "reorganization" within the meaning of Section 368 of the Code (the " Intended Tax Treatment"), including (i) not taking any action that is reasonably likely to prevent the Intended Tax Treatment, (ii) executing such amendments to this Agreement as may be reasonably required in order to obtain the Intended Tax Treatment (it being understood that no party will be required to agree to any such amendment that it determines in good faith materially adversely affects the value of the transactions contemplated hereby to such party or its stockholders), and (iii) executing customary letters of representation in connection with obtaining the opinion referred to in Section 8.3(e). Unless waived in writing by the Company, the Company and the Selling Parties shall use their reasonable best efforts to obtain the opinion referred to in Section 8.3(e), including by executing the letters referred to in the preceding clause (iii). In the event that, for any reason, the Company learns that the opinion referred to in Section 8.3(e) cannot be, or may not be, delivered for any reason, it shall deliver prompt written notice of such fact to Parent and shall have a period of 30 days after delivering such notice to use reasonable best efforts to find other reputable tax counsel reasonably satisfactory to the Company to deliver such opinion to the Company. Neither the Buying Parties, the Company, the Selling Parties nor any of their respective Affiliates will take any action or knowingly fail to take any action that would, or is reasonably likely to, prevent the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(g) The appropriate Selling Parties shall be entitled to any refunds or credits of or against any Taxes of the Company or any Company Subsidiary related to a Pre-Closing Tax Period. Parent shall, and shall cause the Company and the Company Subsidiaries to, promptly forward to the appropriate Selling Parties or to reimburse the appropriate Selling Parties (in accordance with their relative Ownership Percentages) for any refunds or credits due them pursuant to the terms hereof.

Section 7.10 Employee Benefits.

(a) From and after the Effective Time, Parent shall, and shall cause the Surviving Company to, honor all Benefit Plans and compensation arrangements and agreements in accordance with their terms as in effect immediately before the Effective Time. Notwithstanding the foregoing, Parent and Surviving Company may, upon at least 60 days notice to participating employees and their employer, amend any Benefit Plan to cease providing coverage (other than COBRA continuation coverage, if applicable) to any employee who does not become an Affected Employee (as defined below). For the period from the Effective Time through December 31, 2009 (the "Benefits Continuation Period"), Parent shall, or shall cause the Surviving Company to, provide each employee of the Company and its Subsidiaries (each, an " Affected Employee") with continued benefits coverage under the Benefit Plans at the same level and on the same basis (and with the same costs for such Affected Employees) as provided to each such Affected Employee immediately before the Effective Time, and following the Benefits Continuation Period, Parent shall, or shall cause the Surviving Company to, provide each Affected Employee with benefits that are no less favorable than those provided to similarly situated employees of Parent and its Subsidiaries (other than the Surviving Company). From and after the Effective Time through the Benefits Continuation Period, Parent shall, or shall cause the Surviving Company to, provide each Affected Employee with at least the same salary or wage rate and incentive compensation opportunities as those provided to each such Affected Employee immediately before the Effective Time.

(b) For purposes of vesting, eligibility to participate and benefit accrual (other than for purposes of benefit accruals under any pension plan sponsored by Parent or its Subsidiaries (other than the Surviving Company and its Subsidiaries)) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Affected Employees after the Effective Time (the "New Plans"), each Affected Employee shall be credited with his or her years of service with the Company and its Subsidiaries before the Effective Time, to the same extent as such Affected Employee was entitled, before the Effective Time, to credit for such service under any similar Company employee benefit plan in which such Affected

Employee participated or was eligible to participate immediately prior to the Effective Time (and to the extent there is no a similar Company plan, service as recognized for purposes of the Company's 401(k) Plan), provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits with respect to the same period of service. In addition, and without limiting the generality of the foregoing: (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is comparable to a Benefit Plan in which such Affected Employee participated immediately before the consummation of the Merger (such plans, collectively, the "Old Plans"); and (ii) for purposes of each New Plan providing welfare benefits to any Affected Employee, Parent shall, or shall cause the Surviving Company to, cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Effective Time and Parent shall, or shall cause the Surviving Company to, cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) The Company shall take all actions and obtain any waivers or consents as may be required in order to terminate and fully discharge without further liability of the Company or the Buying Parties, effective on the Closing Date, any stock option plans and agreements and any other equity rights plans, agreements or arrangements. The Company shall take all actions necessary to ensure that, as of immediately prior to the Closing, there are no subscriptions, options, warrants, calls, commitments or other rights of any kind (absolute, contingent or otherwise) outstanding relating to the issuance, purchase or receipt of any capital stock (including, without limitation, outstanding, authorized but unissued, unauthorized, treasury or other shares thereof) or other equity interest or any debt security or interest of the Company or any of its Subsidiaries.

Section 7.11 No Solicitation. (i) The Company shall, and the Company shall cause its officers, employees, Subsidiaries, Affiliates, agents and other representatives to and (ii) each of the Selling Parties shall, and shall cause their agents, representatives and Affiliates and the Company to, immediately cease any existing discussions or negotiations with respect to any Alternative Proposal and shall not, and shall cause such Persons not to, directly or indirectly, encourage, solicit, participate in, initiate or facilitate discussions or negotiations with, or provide any information to, any Person (other than Parent or its directors, officers, employees, Subsidiaries, Affiliates, agents and other representatives) concerning any Alternative Proposal. The Selling Parties and the Company shall immediately communicate to Parent any such inquiries or proposals regarding an Alternative Proposal, including the terms thereof.

Section 7.12 Appointment of Eric Gleacher to Parent Board. On or prior to the Closing Date, Parent shall take all such corporate and other actions as are necessary to appoint Eric Gleacher as a member of the Parent Board and as Chairman of the Parent Board. Mr. Gleacher shall be appointed to the class of Parent directors with a term expiring in 2011 (Class I), and the Parent Board shall not take any action to remove Eric Gleacher as a director for so long as Eric Gleacher is employed under his Employment Agreement.

Section 7.13 Lock-up. Each Selling Party hereby agrees that any of the shares of Parent Common Stock received by such Selling Party as Merger Consideration or Interests Purchase Consideration, as applicable, shall, at all times, be subject to Transfer Restrictions; provided, however, that such Transfer Restrictions shall be lifted in full on the day that is five years following the Closing Date, subject to earlier lifting with respect to a Selling Party as specified on Schedule I hereto.

Section 7.14 Private Offering. Each Selling Party shall not offer to sell or otherwise dispose of the Parent Common Stock acquired by it hereunder in violation of any of the registration requirements of the Securities Act or any other applicable securities Laws.

Section 7.15 Certain Actions of Parent Pending Closing. Parent shall not, and Parent shall cause its Subsidiaries not to, take any action with the purpose of causing any of the conditions to the obligations set forth in Article VIII hereof to not be satisfied, and shall not amend the Parent certificate of incorporation or bylaws in a manner that would adversely affect the Selling Parties as compared to other holders of Parent Common Stock. Except after consultation with the Selling Parties' Representative (and, in the case of any action that would reasonably be expected to impede or materially delay the Closing, after obtaining the consent of the Selling Parties' Representative), during the period from the date of this Agreement to the Closing, Parent shall, and Parent shall cause 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 Parent or any of its Subsidiaries.

Section 7.16 Standstill. Each Selling Party agrees that for a period of two years from the date hereof (the " Standstill Period"), neither it nor any of its affiliates, alone or with others comprising a "group" (as defined under the Exchange Act), will in any manner (1) acquire, agree to acquire, or make any proposal (or request permission to make any proposal) to acquire any securities (or direct or indirect rights, warrants or options to acquire any securities) representing in the aggregate two percent (2%) or more of the voting power of Parent Common Stock (other than the Parent Common Stock to be issued as Merger Consideration or Interests Purchase Consideration, as the case may be, and Parent Common Stock that may be issued to individuals who are among the Selling Parties as employee compensation) or material property of Parent, unless such acquisition, agreement or making of a proposal shall have been expressly first approved (or in the case of a proposal, expressly first invited) by the Parent Board, (2) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to any securities of Parent or any of its Subsidiaries or otherwise act, alone or in concert with others, to solicit proxies from shareholders of Parent or otherwise seek to influence or control the management or policies of Parent or any of its affiliates (except, in the case of Eric Gleacher, in his role as director, Chairman of the Parent Board and employee of Broadpoint Capital, Inc., and in the case of any other Selling Party, in such Selling Party's role as an employee of Parent or any of its Subsidiaries; it being understood that the foregoing shall not prohibit any such person from expressing his or her views on matters to be voted upon by stockholders so long as such expressions do not constitute a "solicitation" necessitating a public filing under the applicable rules of the Exchange Act), or (3) assist, advise or encourage (including by knowingly providing or arranging financing for that purpose) any other person in doing any of the foregoing. Each Selling Party hereby represents that neither it nor its affiliates beneficially own any shares of Parent Common Stock as of the date hereof or as of the Closing Date (other than the Parent Common Stock to be issued as Merger Consideration or Interests Purchase Consideration, as the case may be). Notwithstanding the foregoing, such Selling Party and its affiliates will not be subject to any of the restrictions set forth in this paragraph, and this paragraph shall terminate and be of no further force or effect, if Parent shall have entered into a definitive agreement providing for (i) any acquisition of a majority of the voting securities of Parent by any person or group (other than by MatlinPatterson FA Acquisition LLC and its affiliates (collectively, the "Permitted Holders")), (ii) any acquisition or disposition of substantially all the consolidated assets of Parent by any person or group (other than the Permitted Holders) or (iii) any form of merger, business combination, acquisition, restructuring, recapitalization or similar transaction with respect to Parent pursuant to which, immediately following such transaction, any person (other than the Permitted Holders) or the direct or indirect shareholders of such person shall beneficially own a majority of the outstanding voting power of Parent or of the surviving parent entity in such transaction.

Section 7.17 Termination of Certain Agreements. Notwithstanding any provision to the contrary in this agreement (including Section 7.1), on or prior to Closing Date, the Selling Parties will cause each of the following actions to be taken, such that neither the Company nor any Company Subsidiary shall have any liabilities, obligations or commitment with respect thereto: (w) (i) terminate or assign to a third party the Letter Agreement, dated as of August 7, 2006, between the Company and ELMA Philanthropies, (ii) terminate or assign to a third party the Letter Agreement, dated as of January 23, 2008, between the Company and Concierge Capital LLC, (iii) terminate or assign to a third party the Loan Agreement, between Bank of America, N.A. and Holdings, dated as of July 31, 2008, and (iv) to the extent that any employee or "associated person" (as defined under the Exchange Act) of Partners is compensated by, or has any type of compensation arrangement with, any private investment fund, whereby such person receives "selling compensation" as defined in FINRA Rule 3040(e)(2), such compensation arrangement shall be terminated; (x) the Company shall sell or otherwise transfer the real property owned by the Company on East 87th Street in New York City; (y) (i) any Debt owing from the Selling Parties to the Company or any Company Subsidiary shall be repaid, and (ii) any Debt owing from the Company or any Company Subsidiary to any Selling Party or any person related to a Selling Party shall be repaid, together with all interest accrued thereon; and (z) the Company shall cause Partners to terminate or assign to a third party that certain Management Agreement (as amended), among Gleacher Mezzanine Fund I, L.P., Gleacher Mezzanine Fund P, L.P. and Partners (f/k/a Gleacher & Co. LLC), dated as of March 9, 2001.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of the following conditions, which may be waived (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) by mutual agreement of Parent and the Selling Parties' Representative, as applicable:

(a) Either (i) written approval shall have been received from FINRA with respect to the Partners FINRA Notice and, if applicable, the Broadpoint Capital FINRA Notice; or (ii) (A) thirty (30) calendar days shall have elapsed after the

filing of the Partners FINRA Notice and, if applicable, the Broadpoint Capital FINRA Notice; (B) the Selling Parties or the Buying Parties shall have notified FINRA that the parties hereto intend to consummate the Closing without written approval from FINRA as contemplated by clause (i) above; (C) fifteen (15) calendar days shall have elapsed following such notice; and (D) FINRA shall not have indicated in writing that it is considering imposing Material Restrictions on Parent or any of its Subsidiaries (including the Surviving Company and its Subsidiaries) if the Closing is effected without written FINRA approval; for purposes of this Section 8.1(a), "Material Restrictions" shall mean any condition or restriction imposed in connection with the Partners 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 the Company and its subsidiaries taken as a whole) on Parent or any of its Subsidiaries (including the Surviving Company and its Subsidiaries).

(b) There shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing the consummation of the Merger or the Interests Purchase and any waiting period applicable to the consummation of the Merger or the Interests Purchase under the HSR Act shall have expired or been terminated.

(c) No Order issued by any Governmental Authority of competent jurisdiction preventing the consummation of the Merger or the Interests Purchase shall then be in effect.

(d) At least 20 days shall have elapsed from the mailing of the Information Statement in accordance with Rule 14c-2(b) under the Exchange Act.

Section 8.2 Conditions Precedent to Obligations of Parent and Merger Sub . The obligation of Parent and Merger Sub to effect the transactions contemplated by this Agreement is subject to the satisfaction or waiver by Parent (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) of the following conditions:

(a) The representations and warranties of the Company and the Selling Parties in this Agreement shall be true, complete and accurate in all respects (without regard to any materiality qualifiers therein) as of the date hereof and at and as of the Closing with the same effect as though such representations and warranties had been made at and as of such time, other than representations and warranties that speak as of another specific date or time prior to the date hereof (which need only be true and correct as of such date or time); provided, however, that for purposes of determining the satisfaction of this condition, such representations and warranties (other than the representations and warranties contained in Section 4.2, 4.5, 4.6, and 5.1, which shall be true, complete and accurate in all material respects and the representations and warranties contained in Section 4.13(c) which shall be true, complete and accurate in all respects) shall be deemed to be true, complete and accurate in all respects unless the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would have a Material Adverse Effect on the Company.

(b) All of the terms, covenants and conditions to be complied with and performed by the Company or any of the Selling Parties on or prior to the Closing Date shall have been complied with or performed in all material respects.

(c) Parent shall have received certificates, dated as of the Closing Date, executed on behalf of the Company and by each Selling Party or the Selling Parties' Representative on behalf of each such Selling Party certifying that the conditions specified in Section 8.2(a) hereof and Section 8.2(b) hereof have been fulfilled.

(d) Parent shall have received valid and binding Consents for the Contracts set forth on Section 8.2(d) of the Disclosure Schedule.

(e) The Company shall have repaid in full any and all of the Indebtedness of the Company and its Subsidiaries, and shall have caused any and all Liens on any of their assets to be discharged, including those items referenced in Section 4.12 of the Disclosure Schedule, and shall have delivered to Parent payoff letters (or other evidence) evidencing such payoff and discharge. Solely for purposes of this Section 8.2(e), "Indebtedness" and "Liens" shall have the respective meaning given to each such term in the Mast Preferred Stock Purchase Agreement.

(f) Parent shall have received all deliverables required to be delivered to Parent pursuant to Section 3.2 and 3.3.

(g) Each of the Employment and Non-Competition Agreements and no less than 75% of the Non-Competition Agreements shall be in full force and effect and enforceable against the Stockholder party thereto and no breach thereof shall have occurred or been threatened in writing by any party thereto (other than Parent or Merger Sub). The Stockholder party to each Employment and Non-Competition Agreement, and the Stockholders party to 75% of the Non-Competition Agreements, shall be available and eligible to work immediately following the Closing (other than those Stockholders not then available

due to vacation, maternity leave, sickness, non-permanent disability or similar temporary absence).

Section 8.3 Conditions Precedent to Obligations of the Company and the Selling Parties . The obligation of the Company and the Selling Parties to effect the transactions contemplated by this Agreement is subject to the satisfaction or waiver by the Selling Parties' Representative (to the extent the Closing may legally be effected despite the non-fulfillment of such condition) of the following conditions:

(a) The representations and warranties of Parent and Merger Sub in this Agreement shall be true, complete and accurate in all respects (without regard to any materiality qualifiers therein) as of the date hereof and at and as of the Closing with the same effect as though such representations and warranties had been made at and as of such time, other than representations and warranties that speak as of another specific date or time prior to the date hereof (which need only be true, complete and accurate as of such date or time); provided, however, that for purposes of determining the satisfaction of this condition, such representations and warranties (other than the representations and warranties contained in Section 6.2 and the first sentence of Section 6.8(a), which shall be true, complete and accurate in all material respects and the representations and warranties contained in Section 6.10(b) which shall be true, complete and accurate in all respects) shall be deemed to be true, complete and accurate in all respects unless the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would have a Material Adverse Effect on Parent.

(b) All of the terms, covenants and conditions to be complied with and performed by Parent or Merger Sub on or prior to the Closing Date shall have been complied with or performed in all material respects.

(c) The Selling Parties' Representative shall have received a certificate, dated as of the Closing Date, executed on behalf of Parent and Merger Sub, certifying in such detail as the Selling Parties may reasonably request that the conditions specified in Section 8.3(a) and Section 8.3(b) hereof have been fulfilled.

(d) The Selling Parties' Representative shall have received all deliverables required to be delivered to the Selling Parties' Representative pursuant to Section 3.4.

(e) The Company shall have received the opinion of its counsel, Wachtell, Lipton, Rosen & Katz, in form and substance reasonably satisfactory to the Company, dated the Closing Date, substantially to the effect that, on the basis of facts, representations and assumptions set forth in such opinion that are consistent with the state of facts existing at the Effective Time, the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon customary representations contained in certificates of officers of Company and Parent.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Parent and the Company;

(b) by Parent or the Company if:

(i) a Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree or ruling or other action the parties shall use reasonable best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(ii) the Closing shall not have occurred on or before September 30, 2009; provided, however, that the right to terminate this Agreement under this Section 9.1(b)(ii) shall not be available to (A) the Company if the failure of the Closing to occur on or before such date was proximately caused by any action or failure to act on the part of any Selling Party or the Company or (B) Parent, if the failure of the Closing to occur on or before such date was proximately caused by any action or failure to act on the part of Parent or Merger Sub;

(c) by Parent if there is a default or breach by the Company or the Selling Parties of any of their respective covenants or agreements contained herein, or if the representations or warranties of the Company or the Selling Parties

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contained in this Agreement shall have become inaccurate, in either case such that the conditions set forth in Section 8.2 hereof could not be satisfied and such breach or default or inaccuracy is not curable or, if curable, has not been cured or waived within thirty (30) calendar days after written notice to the Company or the Selling Parties, as applicable, specifying, in reasonable detail, such claimed default, breach or inaccuracy and demanding its cure or satisfaction; or

(d) by the Company if there is a default or breach by Parent or Merger Sub with respect to any of its covenants or agreements contained herein, or if the representations or warranties of Parent or Merger Sub contained in this Agreement shall have become inaccurate, in either case such that the conditions set forth in Section 8.3 hereof could not be satisfied and such breach or default or inaccuracy is not curable or, if curable, has not been cured or waived within thirty (30) calendar days after written notice to Parent specifying, in reasonable detail, such claimed default, breach or inaccuracy and demanding its cure or satisfaction.

Section 9.2 Procedure and Effect of Termination. In the event of termination and abandonment of the transactions contemplated by this Agreement pursuant to Section 9.1 hereof, written notice thereof shall forthwith be given to the other parties to this Agreement specifying the reasons for such termination and this Agreement shall terminate (subject to the provisions of this Section 9.2) and the Transactions shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated as provided herein:

(a) Upon the written request therefor, each party will (i) redeliver or (ii) destroy with certification thereto in form and substance reasonably satisfactory to the other party, all documents, work papers and other materials of any other party relating to the transactions contemplated by this Agreement, whether obtained before or after the execution hereof, to the party furnishing the same; and

(b) In the event of the termination and abandonment of this Agreement pursuant to Section 9.1 hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its Affiliates, directors, officers, agents, advisors, representatives or stockholders, other than the provisions of Section 7.7 and Article XI hereof; provided, however, nothing contained in this Section 9.2 shall relieve any party from liability for fraud or intentional breach of this Agreement.

ARTICLE X

SURVIVAL; INDEMNIFICATION

Section 10.1 Survival of Indemnification Rights.

(a) The representations and warranties of the Company and the Selling Parties contained in Article IV and Article V hereof and in any Ancillary Agreement shall survive the Closing and remain in full force and effect for a period of 18 months following the Closing Date and, if a written notice for a claim for indemnification pursuant to this Article X (a "Claims Notice") has been provided in good faith by such date, shall remain in full force and effect with respect to any Outstanding Claim until final resolution of such Outstanding Claim; provided, that, except as set forth in clause (i) below, the representations and warranties contained in Section 4.24 shall not survive the Closing Date; provided, however, the following representations and warranties shall survive and remain in full force and effect for the period indicated:

(i) Section 4.2 (Authorization and Effect of Agreement), Section 4.5 (Capitalization of the Company; Accredited Investors), Section 4.6 (No Subsidiaries), Section 4.14 (Transactions with Affiliates), paragraph (c) of Section 4.23 (Employees), paragraphs (e), (g), (j), (p) and (q) of Section 4.24 (Taxes and Tax Returns), Section 4.28 (No Broker), Section 5.1 (Ownership of the Company Shares), and Section 5.3 (Authorization and Effect of Agreement) until sixty (60) days following the expiration of the applicable statute of limitations (including extensions thereof); provided, however, each such representation and warranty shall remain in full force and effect with respect to any Outstanding Claim until final resolution of such Outstanding Claim.

(b) The representations and warranties of Parent and Merger Sub contained in Article VI hereof and in any Ancillary Agreement shall survive the Closing and remain in full force and effect for a period of 18 months following the Closing Date and, if a Claims Notice has been provided by such date, shall remain in full force and effect with respect to any Outstanding Claim until final resolution of such Outstanding Claim; provided, however, the following representations and warranties shall survive and remain in full force and effect for the period indicated:

(i) Section 6.2 (Authorization and Effect of Agreement), Section 6.6 (Parent Common Stock), and

Section 6.9 (No Broker), until sixty (60) days following the expiration of the applicable statute of limitations (including extensions thereof); provided, however, each such representation and warranty shall remain in full force and effect with respect to any Outstanding Claim until final resolution of such Outstanding Claim.

(c) The covenants and agreements of the Selling Parties, the Company, Parent and Merger Sub contained in this Agreement or any Ancillary Agreement that contemplate performance thereof following the Closing Date shall survive and remain in full force and effect until fully performed or for the applicable period specified therein, or if no such period is specified, for the applicable statute of limitations. The provision of this Article X shall survive so long as any other Section of this Agreement shall survive to the extent applicable. None of the Closing, any party's waiver of any condition to the Closing or any party's knowledge of any breach prior to the Closing, shall constitute a waiver of any of the rights that any such party may have hereunder (including rights to indemnification) whether by reason of any investigation by such party or its Representatives, pursuant to Section 7.2 hereof or otherwise.

Section 10.2 Indemnification Obligations.

(a) Selling Parties Indemnification Obligations. Subject to the limitations set forth in this Article X, each Selling Party, severally but not jointly, in the proportion to such Selling Party's Ownership Percentage as set forth on Exhibit A, shall indemnify, defend and hold harmless Parent, the Surviving Company, and any parent, subsidiary, associate, Affiliate, director, officer, stockholder or agent thereof, and their respective Representatives, successors and permitted assigns (all of the foregoing are collectively referred to as the " Parent Indemnified Parties"), from and against all Losses which any such party may suffer, sustain or become subject to, to the extent relating to:

(i) any inaccuracy in, or breach of, any representation or warranty made by the Company or any Selling Party (provided the Parent Indemnified Parties may only seek indemnification under this Article X for any inaccuracy in, or breach of, any representation or warranty made by a Selling Party from such Selling Party) under this Agreement or any Ancillary Agreement (in each case, without regard to any materiality qualifiers contained therein, other than any materiality qualifier in Section 4.13(a) or Section 4.13(c) of this Agreement and other than with respect to those representations and warranties requiring a list of "material" items);

(ii) any breach or non-fulfillment of any covenant or agreement on the part of the Company or any Selling Party (provided the Parent Indemnified Parties may only seek indemnification under this Article X for any breach or non-fulfillment of any covenant or agreement by a Selling Party from such Selling Party), under this Agreement or any Ancillary Agreement;

(iii) any fees, expenses or other payments incurred or owed by the Selling Parties or the Company to any counsel, advisor, agent, broker, investment banker or other firm or Person retained or employed in connection with the transactions contemplated by this Agreement;

(iv) without duplication of amounts otherwise indemnified hereunder, any (A) Tax of the Company or any Company Subsidiary related to a Pre-Closing Tax Period, and (B) Pre-Closing Tax Period Taxes of another Person for which the Company may be liable pursuant to Treasury Regulation Section 1.1502-6 (or any comparable provision of Law), as a transferee or successor, or by contract or otherwise;

(v) (A) any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) of the Company and Holdings (other than liabilities relating to the real property currently leased by Holdings as the principal offices of the Company); (B) any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) of Partners not relating to its investment banking advisory business; and (C) any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) relating to JGKP Management, LLC; Gleacher Fund Advisors LLC; Gleacher Advisors LLC; Gleacher Mezzanine LLC; Gleacher Mezzanine Fund I, L.P.; Gleacher Mezzanine Fund II, L.P.; Gleacher Mezzanine Fund P, L.P.; Gleacher CBO 2000-1 Corp.; Gleacher CBO 2000-1 Ltd.; Gleacher Partners Ltd.; Gleacher Partners (Asia) Ltd.; Gleacher Acquisition Corp.; Gleacher Acquisition Holdings LLC; Gleacher Investment Administration LLC; Gleacher Capital LLC; Gleacher Capital Management Corporation; Gleacher Diversified Strategies Fund LP; Gleacher Diversified Strategies Fund LTD; Gleacher Equity Opportunity Fund LP; Gleacher Investment Corporation; Gleacher Strategic Fund Ltd, and any "Passive Investment Vehicle" as defined in the Trademark Agreement; and

(vi) 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 that is not a Signing Stockholder arising in respect of such Stockholder's ownership interest in the Company or that is a matter that would be a Released

Matter if such Stockholder had signed this Agreement.

For purposes of this Agreement, in the case of any Straddle Period, (A) the periodic Taxes of the Company and the Company's Subsidiaries that are not based on income or receipts (e.g., property Taxes) for any Pre-Closing Tax Period shall be computed based upon the ratio of the number of days in the Pre-Closing Tax Period and the number of days in the entire taxable period, and (B) the Taxes of the Company and the Company's Subsidiaries for any Pre-Closing Tax Period, other than Taxes described in clause (A), shall be computed as if such taxable period ended on the Closing Date.

(b) Parent Indemnification Obligations. Subject to the limitations set forth in this Article X, Parent shall indemnify, defend and hold harmless the Selling Parties, and any parent, subsidiary, associate, Affiliate, director, officer, stockholder or agent thereof, and their respective Representatives, successors and permitted assigns (all of the foregoing are collectively referred to as the " Selling Parties Indemnified Parties") from and against all Losses which any such party may suffer, sustain or become subject to, to the extent relating to:

(i) any inaccuracy in, or breach of, any representation or warranty made by Parent or Merger Sub under this Agreement or any Ancillary Agreement (without regard to any materiality qualifiers contained therein, other than any materiality qualifier in Section 6.10(a) or Section 6.10(b) of this Agreement);

(ii) any breach or non-fulfillment of any covenant or agreement on the part of Parent or Merger Sub under this Agreement or any Ancillary Agreement; and

(iii) any fees, expenses or other payments incurred or owed by Parent or Merger Sub to any counsel, advisor, agent, broker, investment banker or other firm or Person retained or employed in connection with the transactions contemplated by this Agreement.

Section 10.3 Indemnification Procedure.

(a) If any Parent Indemnified Party or Selling Parties Indemnified Party, as the case may be (such parties, collectively, the " Indemnified Parties") intends to seek indemnification pursuant to this Article X, such Indemnified Party shall notify the party from whom indemnification is being sought promptly after the Indemnified Party becomes aware of the basis of the claim for indemnification in the case of a claim that is not a third party claim (the "Indemnifying Party") by providing written notice of such claim to the Indemnifying Party. The Indemnified Party will provide the Indemnifying Party with prompt written notice of any third party claim in respect of which indemnification is sought. Such notice will specify in reasonable detail the basis for such claim, and set forth, if known, the facts constituting the basis for such claim. In the case of a third party claim, promptly following such notice, the Indemnified Party will provide the Indemnifying Party the notice of claim, pleadings or such other information and documents in each case received from such third party in connection with the making of such third party claim by such third party. The failure to provide such notice, information and documents will not affect any rights hereunder except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure.

(b) If such claim involves a claim by a third party against the Indemnified Party, the Indemnifying Party may, within thirty (30) calendar days after receipt of such notice by the Indemnifying Party and upon notice to the Indemnified Party, assume, through counsel of its own choosing and at its own expense, the settlement or defense thereof, and the Indemnified Party shall reasonably cooperate with them in connection therewith; provided that the Indemnified Party may participate in such settlement or defense through counsel chosen by it at the expense of the Indemnified Party; provided, further, that if the Indemnified Party has been advised by outside counsel that representation by the Indemnifying Party's counsel of the Indemnifying Party and the Indemnified Party is likely to present such counsel with a conflict of interest, then the Indemnifying Party shall pay the reasonable fees and expenses of one Indemnified Party's counsel. Notwithstanding anything in this Section 10.3(b) to the contrary, the Indemnifying Party may not, without the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld, conditioned or delayed), settle or compromise any action or consent to the entry of any judgment unless such settlement, compromise or judgment (i) does not involve any finding or admission of any violation of Law or any violation of the rights of any Person and would not have any adverse effect on any other claims that may be made against the Indemnified Party, (ii) does not involve any relief other than monetary damages that are paid in full by the Indemnifying Party and (iii) completely, finally and unconditionally releases the Indemnified Party in connection with such claim and would not otherwise adversely affect the Indemnified Party. So long as the Indemnifying Party is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without the Indemnifying Party's consent, such consent not to be unreasonably withheld, conditioned or delayed. If the Indemnifying Party is not contesting such claim in good faith, then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Indemnifying Party, the settlement (after giving prior written notice of its intention to do so to the Indemnifying Party and obtaining the prior written consent of the Indemnifying Party, which consent shall not be

unreasonably withheld, conditioned or delayed, provided that such consent shall not be required if the Indemnifying Party assumed the defense of a claim but failed to contest such claim in good faith) or defense thereof, and the Indemnifying Party shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Indemnifying Party of any obligation it may have hereunder.

(c) Notwithstanding anything in Section 10.3(b) hereof to the contrary, the Selling Parties' Representative shall control all proceedings taken in connection with any claim related to Taxes of the Company or any of the Company's Subsidiaries for any Pre-Closing Tax Period, provided that (i) the Selling Parties' Representative shall keep Parent informed in respect of all material aspects of such claims and (ii) Parent may also participate in (but not control) such proceedings at its own expense. If Parent elects to participate in any proceedings, all parties agree to cooperate in the defense or prosecution thereof. With respect to any claim related to Taxes of the Company or any of the Company's Subsidiaries relating to a Straddle Period, the party which would bear the burden of the greater portion of the sum of the adjustment, Tax and any corresponding adjustments or Taxes that may reasonably be anticipated for future taxable periods shall control such claim; provided, however, that the controlling party shall not settle or compromise the proceeding without the prior written consent of the non-controlling party (such consent not to be unreasonably withheld, conditioned or delayed); provided, further, that the controlling party shall keep the non-controlling party informed in respect of all material aspects of such claim and such non-controlling party may also participate in such proceedings at its own expense. The payment by any Parent Indemnified Party of any Tax shall not relieve the Selling Parties of their obligation under Section 10.2(a). Notwithstanding any provision to the contrary contained in this Agreement, if Parent provides the Selling Parties' Representative with written notice of a claim in respect of Section 10.2(a)(iv) at least 30 days prior to the date on which the relevant Tax is required to be paid by a Parent Indemnified Party, within that 30-day period the Selling Parties shall discharge their obligation to indemnify Parent Indemnified Party against such Tax by making payments to the relevant Taxing Authority or a Parent Indemnified Party, as directed by Parent, in an aggregate amount equal to the amount of such Tax.

Section 10.4 Calculation of Indemnity Payments. The amount of any Loss for which indemnification is provided under this Article X shall be net of any insurance amounts and amounts recovered from other third parties when and to the extent actually received by the Parent Indemnified Parties with respect to such Loss provided that no Parent Indemnified Party shall have any obligation to seek or pursue any insurance recoveries (other than under those policies covering the Company and its Subsidiaries before the Effective Time) or seek or pursue recoveries from other third parties (and may terminate, delay or abandon its seeking or pursuit of any such insurance or other recovery at any time in its sole discretion). However, in the event that any Parent Indemnified Party does not seek or pursue any insurance under policies covering the Company and its Subsidiaries before the Effective Time or recoveries from other third parties, such Parent Indemnified Party shall promptly notify the Selling Parties' Representative of such fact in writing and the rights of each Selling Party Indemnifying Party shall be subrogated to any right of action that the Parent Indemnified Party may have under such insurance policies or against any other third parties, with respect to any matter giving rise to a claim for indemnification hereunder. Any indemnity payment under this Article X shall be treated as an adjustment to the Purchase Price for Tax purposes to the extent permitted by Tax Law. The amount of any Loss for which indemnification is provided under this Article X shall be (i) reduced by the amount of the net Tax benefit actually realized by the Indemnified Party by reason of such Loss and (ii) increased to take account of any net Tax cost actually incurred by the Indemnified Party arising from the receipt or accrual of indemnity payments hereunder (i.e., grossed-up for such increase). For purposes of calculating Losses hereunder with respect to determining whether the Losses exceed the Deductible for purposes of Section 10.6(a), any materiality or Material Adverse Effect qualifications in the representations, warranties, covenants and agreements shall be ignored.

Section 10.5 Relation of Indemnity to Post-Closing Payments and Escrow Fund. Parent may withhold any amounts otherwise due to be paid, but only on a several and not joint basis, if there is any Outstanding Claim as against an Indemnifying Party or Parties, in an amount equal to the Outstanding Claim until such claim is resolved under the terms hereof. Parent shall have the right to notify the Escrow Agent of any claim for indemnification made by any Parent Indemnified Party pursuant to this Article X. Promptly following the final determination in accordance with this Article X of any claim for indemnification made by any Parent Indemnified Party against any Selling Party pursuant to this Article X, upon request by Parent, the Selling Parties' Representative shall execute and deliver a certificate requesting the Escrow Agent to deliver to Parent a number of Escrowed Shares with a fair market value (based on the closing price per share of Parent Common Stock on the business day immediately prior to the date of such request) equal to the amount of such claim as finally determined in accordance with this Article X not to exceed the number of Escrowed Shares then held by the Escrow Agent for the account of such Selling Party. On the date that is 18 months after the Closing Date (the "Termination Date"), Parent and the Selling Parties' Representative shall execute and deliver a certificate requesting the Escrow Agent to deliver to the Selling Parties' Representative all the Escrowed Shares that remain in the Escrowed Fund, less a number of Escrowed Shares with a fair market value (based on the closing price per share of Parent Common Stock on the business day immediately prior to the Termination Date) equal to the sum of any amounts subject to Outstanding Claims made by any Parent Indemnified Party pursuant to this Article X that have not been finally determined in accordance with this Article X before the Termination Date (the "Reserved Shares"); provided that

following final resolution of an Outstanding Claim after the Termination Date, Parent and the Selling Parties' Representative shall execute and deliver a certificate requesting the Escrow Agent to deliver to the Selling Parties' Representative any Reserved Shares with respect to such Outstanding Claim, to the extent such shares are not to be delivered to a Parent Indemnified Party pursuant to the third sentence of this Section 10.5 but only to the extent that the fair market value (based on the closing price per share of Parent Common Stock on the business day immediately preceding such final resolution) exceeds the sum of any amounts subject to other Outstanding Claims made by any Parent Indemnified Party. For the avoidance of doubt, all Escrowed Shares delivered to the Escrow Agent pursuant to Section 2.9 hereof shall be available in respect of indemnification claims due hereunder regardless of whether any particular Stockholder is or had become a Selling Party.

Section 10.6 Indemnification Amounts.

(a) Notwithstanding any provision to the contrary contained in this Agreement, neither the Selling Parties on the one hand, nor Parent on the other hand, shall be obligated to indemnify the Parent Indemnified Parties or the Selling Parties Indemnified Parties, as the case may be, for any Losses pursuant to this Article X unless and until the dollar amount of all Losses incurred in the aggregate by such Parent Indemnified Parties or Selling Parties Indemnified Parties, as applicable, exceeds $500,000 (the "Deductible"), in which case the Selling Parties or Parent, as the case may be, will only be obligated to indemnify the Parent Indemnified Parties or the Selling Parties Indemnified Parties, as the case may be, for the total amount of Losses in excess thereof; provided, that in no event shall the aggregate indemnification obligations of the Selling Parties or Parent, as the case may be, pursuant to Section 10.2 hereof exceed $15,000,000 (the "Indemnification Cap"); provided, further, that notwithstanding the foregoing, Parent Indemnified Parties' and Selling Parties Indemnified Parties' rights to seek indemnification hereunder for any Losses due to, resulting from or arising out of the following shall not be subject to, the Deductible or Indemnification Cap limits contained in this Section 10.6:

(i) fraud, intentional misconduct or intentional misrepresentation of Parent, the Selling Parties or the Company;

(ii) any breach by Parent, the Selling Parties or the Company of any of the covenants or agreements contained in this Agreement;

(iii) any breach by the Company or any of the Selling Parties of any representations and warranties referred to in Section 10.1(a)(i) hereof and any breach by Parent or Merger Sub of any representations and warranties referred to in Section 10.1(b)(i) hereof; or

(iv) the items set forth in Section 10.2(a)(iii), (iv), (v) or (vi)) or Section 10.2(b)(iii) hereof.

Any indemnification amounts paid in connection with the matters referred to in Section 10.6(a)(i), (ii), (iii) or (iv) hereof shall not be counted towards or included in the determination of the Indemnification Cap; provided, however, that (x) the Selling Parties' collective total liability under this Article X shall not exceed in the aggregate the sum of $75,000,000; and (y) Parent's total liability under this Article X shall not exceed in the aggregate the sum of $75,000,000 (less any cash consideration paid by Parent hereunder).

(b) For purposes of clarification and notwithstanding anything to the contrary in this Agreement, in no event and under no circumstance shall any Selling Party be liable for an amount in excess of the product of (x) such Selling Party's Ownership Percentage and (y) $75,000,000.

Section 10.7 Exclusive Remedy. The parties hereto agree that, from and after the Closing, the indemnity provisions set forth in this Article X shall be the sole monetary remedy of Parent, the Company and the Selling Parties after the Closing for any breach of the representations, warranties or covenants contained in this Agreement.

Section 10.8 Authorization of the Selling Parties' Representative.

(a) By its execution of this Agreement, each Selling Party shall be deemed to have agreed to appoint the Selling Parties' Representative as its agent and attorney-in-fact for and on behalf of the Selling Parties' in connection with, and to facilitate the consummation of the Transactions, and in connection with the activities to be performed on behalf of the Selling Parties under this Agreement, for the purposes and with the powers and authority hereinafter set forth in this Section 10.8, which shall include the full power and authority:

(i) to accept the Merger Consideration or Interests Purchase Consideration, as the case may be, on behalf of such Selling Party as contemplated in Section 2.8(a) and 2.8(e);

(ii) to attend and supervise the Closing on behalf of such Selling Party;

(iii) to take such actions and execute and deliver such amendments, modifications, waivers and consents in connection with this Agreement and the consummation of the Transactions as the Selling Parties' Representative, in his reasonable discretion, may deem necessary or desirable to give effect to the intentions of this Agreement;

(iv) as the agent of such Selling Party, to enforce and protect the rights and interests of such Selling Party and to enforce and protect the rights and interests of the Selling Parties' Representative arising out of or under or in any manner relating to this Agreement and, in connection therewith, to: (A) resolve all questions, disputes, conflicts and controversies concerning indemnification claims pursuant to Article X; (B) employ such agents, consultants and professionals, to delegate authority to his agents, to take such actions and to execute such documents on behalf of such Selling Party in connection with this Agreement as the Selling Parties' Representative, in his reasonable discretion, deems to be in the best interest of the Selling Parties; (C) assert or institute any Proceeding; (D) investigate, defend, contest or litigate any Proceeding initiated by any Person against such Selling Party, and receive process on behalf of such Selling Party in any such Proceeding and compromise or settle on such terms as the Selling Parties' Representative shall determine to be appropriate, give receipts, releases and discharges on behalf of such Selling Party with respect to any such Proceeding; (E) file any proofs, debts, claims and petitions as the Selling Parties' Representative may deem advisable or necessary; (F) settle or compromise any Proceedings asserted under Article X; (G) assume, on behalf of such Selling Party, the defense of any Proceeding that is the basis of any claim asserted under Article X; and (H) file and prosecute appeals from any decision, judgment or award rendered in any of the foregoing Proceedings;

(v) to enforce payment of any other amounts payable to such Selling Party, in each case on behalf of such Selling Party, in the name of the Selling Parties' Representative;

(vi) to waive or refrain from enforcing any right of such Selling Party and/or the Selling Parties' Representative arising out of or under or in any manner relating to this Agreement; and

(vii) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Selling Parties' Representative, in his sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the activities described in paragraphs (i) through (vi) above and the transactions contemplated by this Agreement.

(b) Parent and Merger Sub shall be entitled to rely exclusively upon the written communications of the Selling Parties' Representative relating to the foregoing as the communications of the Selling Parties. Neither Parent, nor Merger Sub nor any other Parent Indemnified Party shall be held liable or accountable in any manner for any act or omission of the Selling Parties' Representative in such capacity. Without limiting the generality of the foregoing, any claim for indemnification, and any notice or any other communication hereunder, on behalf of any Selling Party or Selling Party Indemnified Party may be made only by the Selling Parties' Representative. Any notice or communication delivered to the Selling Parties' Representative shall be deemed to have been delivered to each Selling Party and each Selling Party Indemnified Party for all purposes hereof.

(c) Each Selling Party, by its approval of this Agreement, makes, constitutes and appoints the Selling Parties' Representative as such Selling Party's true and lawful attorney-in-fact for and in such Selling Party's name, place, and stead and for its use and benefit, to prepare, execute, certify, acknowledge, swear to, file, deliver, or record any and all agreements, instruments or other documents, and to take any and all actions, that are within the scope and authority of the Selling Parties' Representative provided for in this Section 10.8. The grant of authority provided for in this Section 10.8(c) is coupled with an interest and is being granted, in part, as an inducement to the parties hereto to enter into this Agreement and shall be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Selling Party and shall be binding on any successor thereto.

(d) In the event the Selling Parties' Representative becomes unable to perform his responsibilities hereunder or resigns from such position, the Selling Parties (acting by the vote of the Selling Parties who immediately prior to the Closing held in the aggregate an Ownership Percentage of more than 50%) shall select another representative to fill the vacancy of the Selling Parties' Representative, and such substituted representative shall be deemed to be a Selling Parties' Representative for all purposes of this Agreement and the Ancillary Agreements.

Section 10.9 Compensation; Exculpation.

(a) The Selling Parties' Representative shall not be entitled to any fee, commission or other compensation for the performance of service hereunder; provided, however, the reimbursement of fees, costs and expenses incurred by the Selling Parties' Representative in connection with performing the services pursuant to this Agreement shall be made from the Selling Parties by periodic payments during the course of the performance of service, as and when bills are received or expenses incurred.

(b) In dealing with this Agreement and any instruments, agreements or documents relating hereto, and in exercising or failing to exercise all or any of the powers conferred upon the Selling Parties' Representative hereunder or thereunder (i) the Selling Parties' Representative shall not assume any, and shall incur no, responsibility whatsoever to any Selling Party by reason of any error in judgment or other act or omission performed or omitted hereunder or in connection with this Agreement or any Ancillary Agreement, unless by the Selling Parties' Representative's willful and intentional misconduct, and (ii) the Selling Parties' Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Selling Parties' Representative pursuant to such advice shall in no event subject the Selling Parties' Representative to liability to any Selling Party unless by the Selling Parties' Representative's gross negligence or willful and intentional misconduct. Except as set forth in the previous sentence, notwithstanding anything to the contrary contained herein, the Selling Parties' Representative, in his role as Selling Parties' Representative, shall have no liability whatsoever to Merger Sub or any other Person.

(c) All of the immunities and powers granted to the Selling Parties' Representative under this Agreement shall survive indefinitely.

(d) None of the Selling Parties shall have any right of contribution against the Company or any of the Company Subsidiaries with respect to any breach by the Company or the Stockholders of any of their respective representations, warranties, covenants or agreements contained in this Agreement.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 Notices. All notices and other communications required or permitted hereunder will be in writing and, unless otherwise provided in this Agreement, will be deemed to have been duly given when delivered in person or sent via facsimile (with confirmation), or one (1) Business Day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below:

(a) If to the Buying Parties, to:

Broadpoint Securities Group, Inc.
12 East 49th Street, 31st Floor
New York, New York 10117
Attention: General Counsel
Fax: 212-273-7320

with a copy to:

Sidley Austin llp
787 Seventh Avenue
New York, New York 10019
Attention: Duncan N. Darrow
Gabriel Saltarelli
Fax: 212-839-5599

(b) If to the Company (prior to the Closing), any Selling Party or the Selling Parties' Representative to:

Gleacher Partners Inc.

660 Madison Avenue
New York, New York 10065
Attention: Eric Gleacher
Fax: 212-752-2711

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Edward D. Herlihy
Nicholas G. Demmo
Fax: 212-403-2000

or to such other address or addresses or facsimile number as any such party may from time to time designate as to itself by like notice.

Section 11.2 Expenses. Regardless of whether any or all of the Transactions contemplated by this Agreement are consummated, and except as otherwise expressly provided herein, direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the consummation of the Transactions contemplated hereby shall be borne by the party incurring such expenses; provided, however, the Selling Parties shall bear all of the Company's direct and indirect expenses incurred prior to the Closing Date in connection with the negotiation and preparation of this Agreement and the consummation of the Transactions contemplated hereby, including, but not limited to, the fees and expenses of all legal, accounting, consultant, agent, advisor, brokerage and other fees and expenses incurred in connection with the Transactions and shall deliver to Parent at Closing such proof of the payment of such expenses as Parent may reasonably request.

Section 11.3 Successors and Assigns. No party to this Agreement may assign any of its rights under this Agreement without the prior written consent of the other parties hereto. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties hereto. Notwithstanding anything to the contrary in this Section 11.3, upon written notice to the Selling Parties, Parent and Merger Sub shall be permitted to assign this Agreement and the rights and obligations under it to a wholly-owned direct or indirect Subsidiary of Parent; provided that in the event of any such assignment, Parent shall remain liable in full for the performance of its, Merger Sub's and any such Subsidiaries' obligations hereunder. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement (whether as an original signatory hereto or through the execution of a supplemental agreement whereby such party agrees to be bound by the terms and conditions of this Agreement as if he or she was an original signatory hereto) any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

Section 11.4 Extension; Waiver. Parent may, by written notice to the Selling Parties' Representative (a) extend the time for performance of any of the obligations of the Company or any Selling Party under this Agreement, (b) waive any inaccuracies in the representations or warranties of the Company or any Stockholder contained in this Agreement or (c) waive compliance with any of the obligations or covenants of the Company or any Stockholder under this Agreement. The Company (on or prior to the Closing) and Selling Parties' Representative (after the Closing) may, by written notice to Parent (a) extend the time for performance of any of the obligations of Parent or Merger Sub under this Agreement, (b) waive any inaccuracies in the representations or warranties of Parent or Merger Sub contained in this Agreement or (c) waive compliance with any of the obligations or covenants of Parent or Merger Sub under this Agreement. Except as provided in the two immediately preceding sentences, no action taken pursuant to this Agreement will be deemed to constitute a waiver of compliance with any representations, warranties, conditions or covenants contained in this Agreement and will not operate or be construed as a waiver of any subsequent breach, whether of a similar or dissimilar nature.

Section 11.5 Entire Agreement. This Agreement, which includes the Disclosure Schedules and Exhibits hereto, supersedes any other agreement, whether written or oral, that may have been made or entered into by any party relating to the matters contemplated by this Agreement and together with the Confidentiality Agreement constitutes the entire agreement by and among the parties hereto. The fact that any item or information has been included on any of the Disclosure Schedules to this Agreement shall not be construed to establish, in whole or in part, any standard of the extent disclosure is required (including any standard of materiality), for purposes of the Disclosure Schedules or this Agreement.

Section 11.6 Amendments, Supplements, Etc. This Agreement may be amended or supplemented only by written agreement signed by the party against whom the enforcement of such amendment is sought.

Section 11.7 Applicable Law; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed under the laws of the State of New York (without regard to the conflict of law principles thereof).

(b) Each of the parties hereby irrevocably submits to the jurisdiction of any state or federal court located in Manhattan, New York City solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said court or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such court, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.1 hereof or in such other manner as may be permitted by applicable law shall be valid and sufficient service thereof.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO IT THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.7(c).

Section 11.8 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement.

Section 11.9 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations under this Agreement of the Selling Parties (or the Company before the Closing) on the one hand and Parent or Merger Sub (or the Surviving Company after the Closing) on the other hand will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 11.10 Publicity. Except as otherwise required by applicable Law or the rules and regulations of any national securities exchange, no party shall issue any press release or otherwise make any public statement with respect to the transactions contemplated by this Agreement without prior consultation with and consent (not to be unreasonably withheld or delayed) of (i) Parent and (ii) prior to the Closing, the Company and, after the Closing, the Selling Parties' Representative.

Section 11.11 Specific Performance; Equitable Remedies.

(a) The parties hereto agree that, in addition to any other remedies available at law or under this Agreement, if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage could occur, no adequate remedy at law would exist and damages could be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other rights or remedies at law or under this agreement. The parties further agree that no party hereto shall be required to obtain, furnish or post any bond or

similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 11.11, and the parties irrevocably waive any right any party may have to require the obtaining, furnishing or posting of any such bond or similar instrument. The parties hereto agree that, in the event of any breach or threatened breach by the other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it under this Agreement, including monetary damages) to seek and obtain (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, and (b) an injunction restraining such breach or threatened breach.

Section 11.12 SELLING PARTY RELEASE. EFFECTIVE AS OF THE CLOSING, EACH SELLING PARTY DOES FOR ITSELF, HIMSELF OR HERSELF, AND ITS, HIS OR HER RESPECTIVE AFFILIATES, PARTNERS, HEIRS, BENEFICIARIES, SUCCESSORS AND ASSIGNS, IF ANY, RELEASE AND ABSOLUTELY FOREVER DISCHARGE THE SURVIVING COMPANY AND ITS OFFICERS, DIRECTORS, STOCKHOLDERS, AFFILIATES, EMPLOYEES AND AGENTS (EACH, A "RELEASED PARTY") FROM AND AGAINST ALL RELEASED MATTERS. "RELEASED MATTERS" MEANS ANY AND ALL CLAIMS, DEMANDS, DAMAGES, DEBTS, LIABILITIES, OBLIGATIONS, COSTS, EXPENSES (INCLUDING ATTORNEYS' AND ACCOUNTANTS' FEES AND EXPENSES), ACTIONS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, ARISING ON OR PRIOR TO THE CLOSING DATE, WHETHER NOW KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, THAT SUCH SELLING PARTY NOW HAS, OR AT ANY TIME PREVIOUSLY HAD, OR SHALL OR MAY HAVE IN THE FUTURE, AS A STOCKHOLDER, OFFICER, DIRECTOR, CONTRACTOR, CONSULTANT OR EMPLOYEE OF THE COMPANY OR ITS SUBSIDIARIES, ARISING BY VIRTUE OF OR IN ANY MATTER RELATED TO ANY ACTIONS OR INACTIONS WITH RESPECT TO THE COMPANY OR ITS AFFAIRS WITH RESPECT TO THE COMPANY ON OR BEFORE THE CLOSING DATE;PROVIDED THAT RELEASED MATTERS SHALL NOT INCLUDE ANY RIGHT PURSUANT TO THIS AGREEMENT, THE TRANSACTIONS OR THE DOCUMENTS AND INSTRUMENTS DELIVERED HEREUNDER, ANY RIGHTS UNDER ANY DIRECTOR AND OFFICER FIDUCIARY AND LIABILITY INSURANCE POLICIES OR ANY RIGHTS UNDER EARNED BUT UNPAID COMPENSATION AND BENEFITS PROVIDED UNDER THE BENEFIT PLANS IN ACCORDANCE WITH THEIR TERMS. IT IS THE INTENTION OF THE SELLING PARTIES IN EXECUTING THIS RELEASE, AND IN GIVING AND RECEIVING THE CONSIDERATION CALLED FOR HEREIN, THAT THE RELEASE CONTAINED IN THIS SECTION 11.12 SHALL BE EFFECTIVE AS A FULL AND FINAL ACCORD AND SATISFACTION AND GENERAL RELEASE OF AND FROM ALL RELEASED MATTERS AND THE FINAL RESOLUTION BY SUCH SELLING PARTY AND THE RELEASED PARTIES OF ALL RELEASED MATTERS. NOTWITHSTANDING ANYTHING HEREIN OR OTHERWISE TO THE CONTRARY, THE RELEASE CONTAINED IN THIS SECTION 11.12 WILL NOT BE EFFECTIVE SO AS TO BENEFIT A PARTICULAR RELEASED PARTY IN CONNECTION WITH ANY MATTER OR EVENT THAT WOULD OTHERWISE CONSTITUTE A RELEASED MATTER, BUT INVOLVED FRAUD OR THE BREACH OF ANY APPLICABLE LAW ON THE PART OF SUCH RELEASED PARTY. THE INVALIDITY OR UNENFORCEABILITY OF ANY PART OF THIS SECTION 11.12 SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF THE REMAINDER OF THIS SECTION 11.12, WHICH SHALL REMAIN IN FULL FORCE AND EFFECT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BROADPOINT SECURITIES GROUP, INC.

By: /s/ Lee Fensterstock
Name: Lee Fensterstock
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MAGNOLIA ADVISORY LLC

By: BROADPOINT SECURITIES GROUP, INC.,
Its Managing Member

By: /s/ Lee Fensterstock
Name: Lee Fensterstock
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GLEACHER PARTNERS INC.

By: /s/ Jeffrey Tepper
Name: Jeffrey Tepper
Title: Director

[Signature page of Gleacher Partners Inc. to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Kenneth Ryan

By: /s/ Kenneth Ryan
Name: Kenneth Ryan
Title: Holder

[Signature page of Kenneth Ryan
(as Holder of interests in Gleacher Holdings LLC) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Harry Bond

By: /s/ Harry Bond
Name: Harry Bond
Title: Holder

[Signature page of Harry Bond
(as Holder of interests in Gleacher Holdings LLC) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Eric Gleacher

By: /s/ Eric Gleacher
Name: Eric Gleacher
Title: Stockholder

[Signature page of Eric Gleacher
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Jeffrey Tepper

By: /s/ Jeffrey Tepper
Name: Jeffrey Tepper
Title: Stockholder

[Signature page of Jeffrey Tepper
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Kenneth Ryan

By: /s/ Kenneth Ryan
Name: Kenneth Ryan
Title: Stockholder

[Signature page of Kenneth Ryan
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Mark McGrath

By: /s/ Mark McGrath
Name: Mark McGrath
Title: Stockholder

[Signature page of Martk McGrath
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Joseph Donohue

By: /s/ Joseph Donohue
Name: Joseph Donohue
Title: Stockholder

[Signature page of Joseph Donohue
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Robert Kost

By: /s/ Robert Kost
Name: Robert Kost
Title: Stockholder

[Signature page of Robert Kost
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Per-Arne Weiner

By: /s/ Per-Arne Weiner
Name: Per-Arne Weiner
Title: Stockholder

[Signature page of Per-Arne Weiner
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Jeremy Parker

By: /s/ Jeremy Parker
Name: Jeremy Parker
Title: Stockholder

[Signature page of Jeremy Parker
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Marie Gentile

By: /s/ Marie Gentile
Name: Marie Gentile
Title: Stockholder

[Signature page of Marie Gentile
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

William Payne

By: /s/ William Payne
Name: William Payne
Title: Stockholder

[Signature page of William Payne
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Bernard Ferrari

By: /s/ Bernard Ferrari
Name: Bernard Ferrari
Title: Stockholder

[Signature page of Bernard Ferrari
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Donald Kempf

By: /s/ Donald Kempf
Name: Donald Kempf
Title: Stockholder

[Signature page of Donald Kempf
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Mr. Ruehl

By: /s/ Bruce D. Ruehl
Name: Mr. Ruehl
Title: Stockholder

[Signature page of Mr. Ruehl
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Ashleigh Swayze

By: /s/ Ashleigh Swayze
Name: Ashleigh Swayze
Title: Stockholder

[Signature page of Ashleigh Swayze
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Scot Guido

By: /s/ Scot Guido
Name: Scot Guido
Title: Stockholder

[Signature page of Scot Guido
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Richard Trabulsi

By: /s/ Richard Trabulsi
Name: Richard Trabulsi
Title: Stockholder

[Signature page of Richard Trabulsi
(as Stockholder of Gleacher Partners Inc.) to the Merger Agreement]

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Exhibit 21

SUBSIDIARIES OF GLEACHER & COMPANY, INC.

COMPANY NAME	PLACE OF INCORPORATION
GLEACHER & COMPANY SECURITIES, INC.	NEW YORK
CLEARPOINT FUNDING, INC.	DELAWARE
DESCAP MORTGAGE FUNDING, LLC	DELAWARE

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Exhibit 21

Exhibit 31.1

Certification on Form 10-K

I, Christopher J. Kearns, certify that:

1. I have reviewed this annual report on Form 10-K of Gleacher & Company, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2014

/s/ Christopher J. Kearns

Christopher J. Kearns
Principal Executive Officer

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Exhibit 31.2

Certification on Form 10-K

I, Bryan Edmiston, certify that:

1. I have reviewed this annual report on Form 10-K of Gleacher & Company, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2014

/s/ Bryan Edmiston

Bryan Edmiston
Principal Accounting Officer

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Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Each of the undersigned officers of Gleacher & Company, Inc., a Delaware corporation (the "Company"), does hereby certify to such officer's knowledge that:

The Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2014

/s/ Christopher J. Kearns

Christopher J. Kearns
Principal Executive Officer

Date: March 17, 2014

/s/ Bryan Edmiston

Bryan Edmiston
Principal Accounting Officer

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