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

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

SCHEDULE 14C
(RULE 14c-101)

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

Check the appropriate box:

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

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

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

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

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

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

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

(5) Total fee paid: $4,697.24

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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

Dear Shareholder:

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

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

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

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

Sincerely yours,

Lee Fensterstock
Chairman of the Board and Chief Executive Officer

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

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

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

GENERAL

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

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

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

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

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

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

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

No Dissenter's Rights

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

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Annex A – Agreement and Plan of Merger.
Annex B – Proposed Certificate of Amendment to the Certificate of Incorporation of Broadpoint Securities Group, Inc.

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

SUMMARY

Amendment to Certificate of Incorporation

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

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

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

Stock Issuance

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

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

Terms of the Merger Agreement

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

- following the consummation of the transactions contemplated by the Merger Agreement, Merger Sub (which will be the successor to Gleacher under the terms of the Merger Agreement) and Gleacher Holdings LLC will become wholly-owned subsidiaries of the Company;
- the Company will issue 23,000,000 shares of common stock of the Company to the stockholders of Gleacher and the Holders;
- the stock consideration will be subject to a five year lock-up period, subject to acceleration under certain circumstances;
- at the closing of the transactions contemplated by the Merger Agreement, the Company will pay to the stockholders of Gleacher and the Holders $10,000,000 in cash;
- the Company will pay an additional $10,000,000 in cash after five years, subject to acceleration under certain circumstances;
- the cash consideration is subject to adjustment as provided in the Merger Agreement;
- the Company will appoint Eric Gleacher as a director and Chairman of its Board of Directors;
- the Company will change its name to Broadpoint Gleacher Securities Group, Inc.;
- the Company will enter into a Registration Rights Agreement with Mr. Gleacher; and
- the Company will enter into a Trade Name and Trademark Agreement with Mr. Gleacher and certain other parties related to Mr. Gleacher.

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

Registration under Securities Act

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

Accounting Treatment

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

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

THE AMENDMENT

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

Effects of the Amendment

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

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

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

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

THE STOCK ISSUANCE

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

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

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

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

THE MERGER AGREEMENT AND RELATED AGREEMENTS

The Merger Agreement

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

The Parties

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

The Transaction

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

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

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

The Interests Purchase Consideration and the Merger Consideration

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

- issue 23,000,000 shares of common stock of the Company to the stockholders of Gleacher and the Holders, subject to a five-year lock up period which may be accelerated in certain circumstances described below, and an escrow arrangement with respect to 2,300,000 shares also described below;
- the Company will pay $10,000,000 in cash at the closing to the stockholders of Gleacher and the Holders; and
- the Company will pay an additional $10,000,000 after five years, subject to acceleration in certain circumstances described below and subject to adjustment as provided in the Merger Agreement.

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

- If the Selling Party receiving stock consideration is employed by the Company (or its subsidiaries) on each of the first, second and third anniversaries of the closing of the Transaction, then one-third of such stock consideration will no longer be subject to the transfer restrictions on each such anniversary.
- If the Selling Party receiving a part of the second payment of $10,000,000 in cash is employed by the Company (or its subsidiaries) eighteen months and thirty-six months following the closing of the Transaction, then one-half of such cash payment will be made on each such date by the Company.

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

The Purchase Price Adjustment

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

The Closing

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

Representations and Warranties

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

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

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

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

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

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

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

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

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

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

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

Covenants

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

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

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

- consultation with Mr. Gleacher with respect to actions by the Company outside of the ordinary course;
- limits on the ability of the Selling Parties to acquire additional common stock of the Company or to influence the management of the Company, subject to certain exceptions, for two years after the closing; and
- the termination of certain agreements entered into by Gleacher or the Selling Parties.

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

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

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

Conditions to Closing

The Merger Agreement contains a number of conditions to closing.

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

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

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

- no governmental entity has instituted any laws or orders that prohibit the consummation of the Transaction and any waiting period applicable to the consummation of the Transaction under the HSR Act has expired or been terminated; and
- at least 20 days shall have elapsed from the mailing of this Information Statement.

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

- the representations and warranties of Gleacher and each of the Selling Parties in the Merger Agreement must be true and correct in all respects, without regard to any "materiality" qualifiers contained in them, as of the date of the Merger Agreement and as of the closing date of the Transaction, as though they were made on and as of such time (except to the extent that any such representation and warranty relates to a specified date, in which case as of such specified date), unless the failure of any such representations or warranties to be true and correct would not have a Material Adverse Effect on Gleacher. (Certain representations, such as due authorization, title to the shares of Gleacher and capitalization of Gleacher, must be true in all material respects.);
- each of the Selling Parties must have performed, in all material respects, its obligations under the Merger Agreement at or prior to the closing date;
- the Company has received the closing documents required under the Merger Agreement;
- Gleacher has repaid in full any and all debt of Gleacher and its subsidiaries; and
- (i) each of the employment and non-competition agreements with Messrs. Gleacher, Tepper and Ryan must be in full force and effect and enforceable against each of them; (ii) no less than 75% of the non-competition agreements with certain other Gleacher professionals must be in full force and effect and enforceable against each such person; and (iii) each of Messrs. Gleacher, Tepper and Ryan, and 75% of the professionals party to the non-competition agreements, must be available and eligible to work immediately following the closing.

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

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

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

- the Company must have performed, in all material respects, its obligations under the Merger Agreement at or prior to the closing date;
- the Selling Parties have received the closing documents required under the Merger Agreement; and
- Gleacher has received an opinion from its counsel to the effect that the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

Termination and Amendment

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

- by the mutual written consent of Gleacher and us at any time prior to completing the Transaction;
- by either Gleacher or us:
- if any injunction, order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the Transaction shall become final and nonappealable (provided that the parties shall use their reasonable best efforts to remove such order);
- if the Transaction is not completed by September 30, 2009 (unless the failure to close by such date was proximately caused by the party seeking to terminate); and
- if the other party has defaulted or breached any of its covenants or agreements contained in the Merger Agreement, or if the representations or warranties of such party contained in the Merger Agreement shall have become inaccurate such that the conditions to closing could not be satisfied (provided that such breach, default or inaccuracy is not curable or, if curable, has not been cured or waived within 30 calendar days after written notice to the other party specifying such claimed default, breach or inaccuracy and demanding its cure or satisfaction).

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

Indemnification

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

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

- any misrepresentation or breach of warranty made by Gleacher or any Selling Party in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;
- any breach or nonfulfillment of any covenant or agreement made or to be performed by Gleacher or any Selling Party in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;
- any fees or expenses incurred by Gleacher or any Selling Party in connection with the Merger Agreement;
- pre-closing tax liabilities of Gleacher, if any;
- any liabilities or obligations of any nature (other than with respect to the lease for the principal offices of Gleacher) of Gleacher Partners Inc. and Gleacher Holdings LLC (but not Gleacher Partners LLC);
- any liabilities or obligations of any nature of Gleacher Partners LLC not relating to its investment banking advisory business;
- any liabilities or obligations of any nature of a number entities that operate under the “Gleacher” name but that are not being acquired by the Company; and
- any demand for appraisal rights under Section 262 of the DGCL or any other proceeding by, or any other liability or obligation in favor of or otherwise relating to, any stockholder of Gleacher that did not sign the Merger Agreement arising in respect of such stockholder’s ownership interest in Gleacher.

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

- any misrepresentation or breach of warranty made by the Company in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction;
- any breach or nonfulfillment of any covenant or agreement made or to be performed by the Company in the Merger Agreement and certain ancillary agreements to be entered into at the closing of the Transaction; and
- any fess or expenses incurred by the Company in connection with the Merger Agreement.

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

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

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

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

The MatlinPatterson FA Acquisition LLC Consent

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

Employment Arrangements with Eric Gleacher

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

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

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

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

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

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

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

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

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

The Registration Rights Agreement

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

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

The Trade Name and Trademark Agreement

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

RISKS RELATED TO THE TRANSACTION

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

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

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

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

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

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

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

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

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

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

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

Our shareholders will suffer immediate dilution.

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

SPECIAL FACTORS

Reasons for Engaging in the Transaction

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

The Company was interested in Gleacher for the following reasons:

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

Interests of Certain Persons in the Transaction

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

General Changes Resulting From the Transaction

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

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

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

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

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

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

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

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

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

Regulatory Approvals

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

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

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

Accounting Treatment

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

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

Past Contacts, Transactions or Negotiations

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

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

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

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

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

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

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

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

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

BROADPOINT SECURITIES GROUP, INC.

Description of Business

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

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

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

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

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

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

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

OUR PRINCIPAL SHAREHOLDERS

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

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

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

* References ownership of less than 1.0%.

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

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

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

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

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

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

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

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

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

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

Cayman Islands.

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

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

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

* References ownership of less than 1.0%.

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

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

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

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

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

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

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

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

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

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

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

First Clearing — Margin Loans

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

FA Technology Ventures, L.P.

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

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

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

Johnson Consulting Agreement

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

Murphy Settlement Agreement

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

MatlinPatterson Private Placement

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

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

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

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

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

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

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

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

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

Voting Agreement with MatlinPatterson

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

Brokerage and Investment Banking Services for MatlinPatterson

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

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

Fensterstock Consulting Arrangement

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

Mast Private Placement

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

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

Mast Mandatory Redeemable Preferred Stock

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

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

The redemption prices are as follows:

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

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

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

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

Waiver of Trading Policy

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

GLEACHER PARTNERS INC.

Description of Business

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

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

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

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

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

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

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

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

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

Business Environment

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

Results Of Operations

2008 Financial Overview

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

Net Revenues

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

Non-Interest Expense

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

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

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

Liquidity And Capital Resources

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

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

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

Off-Balance Sheet Arrangements

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

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

Broadpoint Securities Group, Inc. / Gleacher Partners Inc.

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

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

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

Broadpoint Securities Group, Inc. / Gleacher Partners Inc.

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

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

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

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

(A) To eliminate revenue, compensation and other expenses associated with Gleacher Partners' management of Gleacher Mezzanine Fund I and Gleacher Mezzanine Fund P, which is excluded from the acquisition.
(B) To eliminate Gleacher's interest expense associated with the bank loan and note due to shareholder. Prior to the close, the bank loan and note due to shareholders will be repaid.
(C) Adjustment to record compensation consistent with Broadpoint's Investment Banking target compensation rate.
(D) To adjust depreciation and amortization for the disposition of $248,000 of fixed assets prior to closing.
(E) To record the fair value of Gleacher's intangible assets and the associated amortization. Intangible assets and their respective amortization schedule are as follows:

a. Non-Compete agreements – 3 years
b. Customer relationships – 3 years
c. Investment Banking backlog – 1 year
d. Trade name – 20 years

(F) To record merger-related legal and accounting expenses associated with the acquisition.
(G) To record incremental capital based taxes (franchise) resultant from consolidation.
(H) Broadpoint and Gleacher will file a consolidated federal and various combined state and local income tax returns. The pro forma adjusts the reported income tax provision on Gleacher to reflect a computation on a consolidated basis. The Combined Company will record a valuation allowance against its net deferred tax assets, and accordingly no benefit is recorded on the Pro Forma Adjustments.
(I) To eliminate Minority Interest and the associated loss.
(J) Adjustment to basic earnings per share and diluted earnings per share calculation includes Gleacher's net loss, effect of the Pro Forma Adjustments and the issuance of 23.0 million pro forma shares in connection with the closing of the transaction.
(K) To record a $10 million cash payment to Stockholders of Gleacher at closing.
(L) To record cash distribution to stockholders of Gleacher prior to closing.
(M) To record cash payment to Gleacher Stockholders for net book value of fixed assets and lease hold improvements.
(N) To record the transfer of cash from Broadpoint's clearing agent to a cash account.
(O) To record the disposition of other assets and investments prior to the closing date.
(P) To record goodwill associated with the acquisition of Gleacher.
(Q) Pursuant to FAS 141 (R), Business Combinations, the Accumulated Deficit is reduced for the effects of an income tax benefit that will be recorded on the day of the transaction. The income tax benefit is a result of the reduction of Broadpoint's valuation allowance to offset net deferred tax liabilities that are expected to be recorded in this acquisition and that are expected to support realization of a portion of Broadpoint's net deferred tax assets. This adjustment has not been reflected in the pro forma income statement due to its nonrecurring nature.

(R) Adjustment to record the fair value of the future payment of $10 million to the stockholders of Gleacher subject to terms of the purchase agreement.
(S) Adjustment to record the fair market value of the 23.0 million shares issued in the transaction with adjustments for impact of transfer restrictions.
(T) Adjustment to record deferred taxes recorded as the result of the acquisition.

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis for Pro Forma Presentation

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

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

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

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

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

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

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

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

Note 2. Pro Forma Adjustments

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

DIRECTORS AND EXECUTIVE OFFICERS

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

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

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

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

Additional Information on Mr. Gleacher

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

Employment Agreement with Mr. Gleacher

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

Compensation Discussion & Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Long-Term Equity Incentives.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Shareholder Communications

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

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

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

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

INCORPORATION BY REFERENCE

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

SHAREHOLDERS SHARING AN ADDRESS

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

WHERE YOU CAN OBTAIN ADDITIONAL INFORMATION

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

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

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

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

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INDEPENDENT AUDITORS' REPORT

To the Stockholders Gleacher Partners Inc.

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

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

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

New York, New York
March 19, 2009

GLEACHER PARTNERS INC. AND SUBSIDIARIES

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

ASSETS
Cash and cash equivalents