

Press Release

For Immediate Release

Cowen Group, Inc. Announces Increase in Compensation Ratio

New York, December 10, 2007 - Cowen Group, Inc. (NASDAQ: COWN) today announced that its Board of Directors has authorized the increase of the Company's compensation and benefits expense to revenue ratio from 60% to 65% for the full-year 2007.

"The decision to increase the firm's compensation to 65% for 2007 was very difficult because of the obvious consequences for our bottom line and to our shareholders," said Kim S. Fennebresque, Chairman and Chief Executive Officer. "Notwithstanding this change, 2007 compensation will not approach the level of 2006. However, we believe that it is in the best interests of Cowen and its shareholders to take reasonable steps to provide competitive compensation for our employees in 2007. With those interests in mind, our independent Directors approved this increase to our compensation ratio for 2007."

Based on current internal estimates, including the increased compensation ratio, Cowen management estimates a full year 2007 net operating loss of between \$6.0 million and \$8.3 million. Taking into account the repurchase of 1.1 million shares to date and the estimated net operating loss, Cowen management believes that tangible book value per share at year end will be between \$10.88 and \$11.04, based on total current shares outstanding.

Financial Measures

In addition to the results presented in accordance with generally accepted accounting principles, or GAAP, the Company presents financial measures that are non-GAAP measures, such as net operating income. The Company believes that these non-GAAP measures, viewed in addition to and not in lieu of the Company's reported GAAP results, provide useful information to investors regarding its performance and overall results of operations. These metrics are an integral part of the Company's internal reporting to measure the performance of its business and the overall effectiveness of senior management.

Net operating income excludes the stock compensation expense associated with the initial grant of equity in connection with the IPO and the gain on exchange memberships, both adjusted by the Company's projected effective tax rate.

About Cowen Group, Inc.

Cowen Group, Inc., through Cowen and Company, LLC and Cowen International Limited, provides investment banking services, including underwriting and other capital raising solutions, equity research, sales, trading and mergers and acquisitions advice, to emerging growth companies in sectors including healthcare, technology, media and telecommunications, aerospace and defense, consumer and alternative energy.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. The Company's actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 30, 2007. The Annual Report on Form 10-K is available at our website at www.cowen.com and at the Securities and Exchange Commission website at www.sec.gov. Unless required by law, the company undertakes no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this press release.

SOURCE: Cowen Group, Inc.

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