COWEN GROUP, INC.
Form 424B5
October 01, 2014

Use these links to rapidly review the document
TABLE OF CONTENTS
TABLE OF CONTENTS

Table of Contents

**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-19753**

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor are we soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated October 1, 2014**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

(To Prospectus dated August 6, 2014)

**$**

# Cowen Group, Inc.

## % Senior Notes due 2021

We are offering $ aggregate principal amount of % senior notes due 2021 (the "Notes"). Interest on the Notes will accrue from , 2014 at a rate of % per year and will be payable quarterly on , , and of each year, beginning on . We may redeem the Notes in whole or in part at any time and from time to time before maturity at the redemption prices described under "Description of Notes Optional Redemption."

The Notes will be issued in minimum denominations of $25.00 and integral multiples of $25.00 in excess thereof.

The Notes will be our senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured obligations.

We intend to apply to list the Notes on the Nasdaq Global Market. If the application is approved, we expect trading in the Notes on the Nasdaq Global Market to begin within 30 days after the original issue date. The Notes are expected to trade "flat," meaning that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price.

**Investing in the Notes involves risks. See "Risk Factors" beginning on page S-13 of this prospectus supplement and the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as it may be updated by our Quarterly Report on Form 10-Q for the quarterly periods**

**ended March 31, 2014 and June 30, 2014, which are incorporated by reference into this prospectus supplement.**

**Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

| | Per Note | Total(2) |
|---|---|---|
| Public Offering Price(1) | % | $ |
| Underwriting Discount(3) | % | $ |
| Proceeds to Company (before expenses) | % | $ |

(1) The public offering price does not include accrued interest, if any. See "Description of Notes Trading Characteristics."

(2) Assumes no exercise of the underwriters' over-allotment option described below.

(3) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See "Underwriting (Conflicts of Interest)."

We have granted the underwriters an option to purchase up to an additional $ aggregate principal amount of Notes within 30 days from the date of this prospectus supplement.

The underwriters expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company on or about , 2014.

*Joint Book-Running Managers*

**Sterne Agee** **Janney Montgomery Scott** **Cowen and Company**

*Co-Managers*

**Wunderlich Securities** **Incapital** **JMP Securities** **Ladenburg Thalmann**

The date of this Prospectus Supplement is , 2014.

Table of Contents

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any related free writing prospectus we file with the Securities and Exchange Commission (the "SEC"). We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.**

## TABLE OF CONTENTS

### Prospectus Supplement



### Prospectus

Table of Contents

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the securities offered. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus, and any related free writing prospectus together with additional information described under the heading "Where You Can Find More Information" in the accompanying prospectus and the documents incorporated by reference. In various places in this prospectus supplement and the accompanying prospectus, we refer you to sections for additional information by indicating the caption headings of the other sections. All cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise indicated.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any related free writing prospectus we file with the SEC. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, "we," "us," "our," "our company," "the registrant," "the Company" and "Cowen" each refers to Cowen Group, Inc. including its subsidiaries, unless the context indicates otherwise.

Table of Contents

## INCORPORATION BY REFERENCE

This prospectus supplement "incorporates by reference" information that we have filed with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This means that we are disclosing important information to you by referring to other documents. The information incorporated by reference is considered to be part of this prospectus supplement, except for any information superseded or modified by information contained directly in this prospectus supplement or a subsequent incorporated document. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC under the Exchange Act will automatically update information in this prospectus supplement. In all cases, you should rely on the later information over different information included in this prospectus supplement.

We incorporate by reference the documents listed below (other than any portions thereof which, under the Exchange Act and applicable SEC rules, are not deemed "filed" under the Exchange Act) and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of securities covered by this prospectus supplement:

Our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 3, 2014 (including information specifically incorporated by reference into the Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A filed on April 30, 2014, as amended and supplemented by certain additional definitive proxy soliciting materials on Schedule 14A filed on May 16, 2014);

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, filed on May 8, 2014 and June 30, 2014 filed on August 7, 2014; and

Our Current Reports on Form 8-K filed on March 11, 2014, March 18, 2014, June 5, 2014, September 23, 2014 and October 1, 2014.

All other documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering of securities covered by this prospectus shall also be deemed to be incorporated by reference in this prospectus supplement and to be a part hereof from the respective dates of the filing of such documents (other than any such documents, or portions thereof which, under the Exchange Act and applicable SEC rules, are not deemed "filed" under the Exchange Act). If we have incorporated by reference any statement or information in this prospectus supplement and we subsequently modify that statement or information with information contained in this prospectus supplement or a subsequent incorporated document, the statement or information previously incorporated in this prospectus supplement is also modified or superseded in the same manner.

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any materials we file in the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the SEC's Public Reference Room in Washington, D.C. by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet web site that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is http://www.sec.gov. The SEC file number for documents filed by us under the Exchange Act is 001-34516.

Table of Contents

## ALTERNATIVE SETTLEMENT DATE

It is expected that delivery of the Notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the business day following the date of this prospectus supplement. Under Rule 15c6-1 of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade Notes on the date of this prospectus supplement or the next succeeding business days will be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of Notes who wish to trade Notes on the date of this prospectus supplement or the next succeeding business days should consult their own advisors.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER FACTORS

This prospectus supplement and the documents incorporated herein by reference contain certain forward-looking statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking terms such as "may," "might," "will," "would," "could," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "project," "possible," "potential," "intend," "seek" or "continue," the negative of these terms and other comparable terminology or similar expressions. In addition, our management may make forward-looking statements to analysts, representatives of the media and others. These forward-looking statements represent only the Company's beliefs regarding future events (many of which, by their nature, are inherently uncertain and beyond our control) and are predictions only, based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. In particular, you should consider the risks outlined under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent reports we have filed with the SEC.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update any of these forward-looking statements after the date they are made to conform our prior statements to actual results or revised expectations, except as required by law. Further disclosures that we make on related subjects in our additional filings with the SEC should be consulted.

Table of Contents

## SUMMARY

*This summary highlights selected information contained elsewhere in this prospectus supplement or incorporated by reference into this prospectus supplement, as further described above under "Incorporation by Reference." This summary may not contain all the information that you should consider before investing in the Notes. To understand all of the terms of this offering and for a more complete understanding of our business, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement.*

### Cowen Group, Inc.

Cowen Group, Inc. is a diversified financial services firm and, together with its consolidated subsidiaries, provides alternative investment management, investment banking, research, and sales and trading services through its two business segments: Ramius LLC and its affiliates ("Ramius") comprise the Company's alternative investment segment, while Cowen and Company, LLC ("Cowen and Company") and its affiliates comprise the Company's broker-dealer segment. For a discussion of certain financial information broken down by segment, please see the notes to the Company's consolidated financial statements.

Ramius is an alternative investment platform offering innovative products and solutions across the liquidity spectrum to institutional and private clients. The predecessor to this business was founded in 1994 and, through one of its subsidiaries, has been a registered investment adviser under the Investment Advisers Act of 1940 since 1997. Ramius offers investors access to strategies to meet their specific needs including small-cap activism, healthcare royalties, customized solutions, event driven equity, real estate, long/short credit and managed futures. Ramius focuses on attracting and retaining talented in-house and affiliated investment teams and providing them with institutional infrastructure, robust sales and marketing and industry knowledge. A significant portion of the Company's capital is invested alongside Ramius's alternative investment clients. Our alternative investment business had approximately $11.9 billion of assets under management as of August 1, 2014 (which does not give effect to the anticipated sale of Ramius' interest in Orchard Square Partners as discussed below under the caption " Subsequent Events").

Our broker-dealer businesses include research, brokerage and investment banking services to companies and institutional investor clients primarily in our target sectors: healthcare, technology, media and telecommunications, consumer, aerospace and defense, industrials, real estate investment trusts ("REITs"), clean technology, energy, metals and mining, transportation, chemicals and agriculture. We provide research and brokerage services to over 1,000 domestic and international clients seeking to trade securities, principally in our target sectors. Historically, we have focused our investment banking efforts on small to mid-capitalization public companies as well as private companies.

We were incorporated in the State of Delaware in 2009. Our principal executive offices are located at 599 Lexington Avenue, New York, New York 10022, and our telephone number is (212) 845-7900. Our website address is www.cowen.com. Information contained on our website is not incorporated by reference into this prospectus supplement, and you should not consider information contained on our website as part of this prospectus supplement.

### Principal Business Lines

#### *Alternative Investment Business Products and Services*

*Hedge Fund Strategies*

The Company's hedge funds are focused on addressing the needs of institutional investors and high net worth individuals to preserve and grow allocated capital. The Company and its affiliates offer

Table of Contents

a number of single strategy hedge funds, including strategies focused on merger arbitrage, global long/short credit and small-cap activism. A subsidiary of the Company also serves as investment adviser to Ramius Event Driven Equity Fund, a mutual fund that offers U.S. investors exposure to a broad spectrum of transformative corporate events with a core focus on shareholder activism. The Company and its affiliates also manage certain multi-strategy hedge funds that are currently in wind-down. The majority of assets remaining in these funds include private investments in public companies, investments in private companies, real estate investments and special situations.

*Alternative Solutions*

The Company's alternative solutions business offers a range of customized hedge fund investment and advisory solutions, including customized and commingled fund of funds, hedge fund replication, liquid alternative risk premia products, customized solutions and mutual funds to a global institutional client base. The Company's alternative solutions business also develops and manages customized investment portfolios, which may include a combination of direct hedge fund investments, liquid alternative risk premia products and hedging overlays. The Company's alternative solutions business also advises two mutual funds, Ramius Hedged Alpha Fund and Ramius Strategic Volatility Fund, which offer U.S. retail investors access to liquid alternative investment strategies.

*Ramius Trading Strategies*

The Company's managed futures fund business offers investors access to returns uncorrelated with the public equity and debt markets while maintaining a strong liquidity profile. In order to achieve this objective, the Company's managed futures fund business allocates capital to various third party commodity trading advisors that pursue a managed futures strategy in a managed account format. The Company's managed futures fund business serves as investment adviser to various accounts including the State Street/Ramius Managed Futures Strategy Fund, a mutual fund that, along with SSgA Funds Management Inc. as sub-advisor, offers U.S. investors access to a multi-manager strategy that seeks to capture returns tied to a combination of global macroeconomic trends in the commodity futures and financial futures markets and interest income and capital appreciation.

*Real Estate*

The Company's real estate business focuses on generating attractive, risk adjusted returns by using our owner/manager approach to underwriting, structuring, financing and redevelopment of all real estate property types since 1999. This approach emphasizes a focus on real estate fundamentals and potential market inefficiencies. The RCG Longview platform provides senior bridge loans, subordinated mortgages, mezzanine loans, and preferred equity through its debt fund series, and makes equity investments through its equity fund. As of December 31, 2013, the members of the general partners of the RCG Longview platform and its affiliates, independent of the RCG Longview funds, collectively owned interests in and/or managed over 21,000 apartments and approximately 20 million square feet of commercial space for their own accounts. As of December 31, 2013, the Ramius Urban American funds owned interests in and managed approximately 9,000 multi family housing units in the New York metropolitan area. The Company's ownership interests in the various general partners of the RCG Longview funds and Ramius Urban American Funds range from 20% to 55%.

*HealthCare Royalty Partners ("HRP")*

The Company's healthcare royalties business invests principally in commercial-stage biopharmaceutical products and companies through the purchase of royalty or synthetic royalty interests and structured debt and equity instruments (through the funds managed by HRP (the "HRP Funds")). The HRP Funds seek these royalty interests in end-user sales of commercial-stage or near commercial-stage medical products such as pharmaceuticals, biotechnology products and medical devices. We share

Table of Contents

the net management fees from the HRP Funds equally with the founders of the HRP Funds. In addition, we have interests in the general partners of the HRP Funds ranging from 25% to 40.2%.

***Broker-Dealer Business***

*Investment Banking*

Our investment banking professionals are focused on providing strategic advisory and capital raising services to U.S. and international public and private companies in our target sectors. By focusing on Cowen and Company's target sectors over a long period of time, we have developed a significant understanding of the unique challenges and demands with respect to public and private capital raising and strategic advice in these sectors. Our advisory and capital raising capabilities begin at the early stages of a private company's accelerated growth phase and continue through its evolution as a public company. Our advisory business focuses on mergers and acquisitions, including providing fairness opinions and providing advice on other strategic transactions. Our capital markets capabilities include equity, including private investments in public equity and registered direct offerings, credit and fixed income, including public and private debt placements, exchange offers, consent solicitations and tender offers, as well as origination and distribution capabilities for convertible securities. We have a unified capital markets group which we believe allows us to be effective in providing cohesive solutions for our clients. Historically, a significant majority of Cowen and Company's investment banking revenue has been earned from high-growth small and mid-capitalization companies. Cowen, from time to time, may invest in capital raising transactions of its clients.

*Brokerage*

Our team of brokerage professionals serves institutional investor clients in the United States and internationally. Cowen and Company trades common stocks, listed options and equity-linked securities on behalf of its clients. We also provide our clients with an electronic execution suite. As a result of our acquisition of ATM USA, LLC ("ATM USA") and Algorithmic Trading Management, LLC ("ATM LLC"), we provide global, multi-asset class algorithmic execution trading models to both buy side and sell side clients as well as offering execution capabilities relating to these trading models through ATM Execution LLC (formerly Cowen Capital LLC). In addition, we now engage in the securities lending business through Cowen Equity Finance. We have relationships with over 2,000 institutional investor clients. Our brokerage team is comprised of experienced professionals dedicated to Cowen and Company's target sectors, which allows us to develop a level of knowledge and focus that we believe differentiates our brokerage capabilities from those of many of our competitors. We tailor our account coverage to the unique needs of our clients. We believe that our sector traders are able to provide superior execution because of their knowledge of the interests of our institutional investor clients in specific companies in Cowen and Company's target sectors.

Our sales professionals also provide our institutional investor clients with access to the management of our investment banking clients outside the context of financing transactions. These meetings are commonly referred to as non-deal road shows. Non-deal road shows allow our investment banking clients to increase their visibility within the institutional investor community while providing our institutional investor clients with the opportunity to further educate themselves on companies and industries through meetings with management. We believe Cowen and Company's deep relationships with company management teams and its sector-focused approach provide us with broad access to management for the benefit of our institutional investor and investment banking clients.

*Research*

As of December 31, 2013, we had a research team of 42 senior analysts covering approximately 700 companies. Within our coverage universe, approximately 25% are healthcare companies, 19% are

Table of Contents

TMT (technology, media and telecom) companies, 19% are energy companies, 12% are capital goods and industrial companies, 11% are basic materials companies, 7% are consumer companies, and 6% are REITs. Our differentiated approach to research focuses our analysts' efforts toward delivering specific investment ideas and de-emphasizes maintenance research. We sponsor a number of conferences every year that are focused on our target sectors and sub-sectors. During these conferences we highlight our investment research and provide significant investor access to corporate management teams.

**New Commercial Finance Company**

Cowen plans to organize a commercial finance company, which we refer to as Cowen Finance, that would structure, underwrite and syndicate a broad range of loans to middle market commercial borrowers. It is expected that Cowen Finance will syndicate the loans originated or arranged by it to third party investors, while selectively holding a small portion of this originated or arranged volume in a loan portfolio. Cowen also anticipates that Cowen Finance will work together with Cowen and Company's investment bank and debt capital markets business to originate, syndicate and utilize Cowen's capital to provide a broad range of credit solutions to Cowen's corporate clients.

Cowen currently expects to make an initial equity investment of up to $125.0 million. A portion of this initial investment will be funded with a portion of the net proceeds of this offering, with the balance being funded, as needed, from Cowen's existing resources. Cowen's total investment in Cowen Finance may be increased from time to time in the future and may be in the form of equity, loans or other credit support. Cowen Finance's lending and risk activities will be managed separately from Cowen's investment bank as a separate entity. In addition, as part of Cowen Finance's ongoing operations, Cowen expects that Cowen Finance will incur substantial indebtedness, which will be nonrecourse to Cowen and its subsidiaries that are "restricted subsidiaries" under the terms of the indenture governing the Notes. Cowen intends to designate the entities operating the Cowen Finance business as "unrestricted subsidiaries" under the indenture governing the Notes. As "unrestricted subsidiaries," Cowen Finance and its subsidiaries would not be subject to any of the restrictive covenants of the indenture. The indenture does not restrict the Company or its subsidiaries from making investments, including investments in unrestricted subsidiaries.

**Subsequent Events**

On September 29, 2014, Ramius entered into an agreement with Neuberger Berman pursuant to which Neuberger Berman will purchase Ramius' interest in Orchard Square Partners, which manages a global long/short credit investment strategy with approximately $475 million in client assets. The transaction is expected to close on December 31, 2014.

Table of Contents

**The Offering**

| | |
|---|---|
| Issuer | Cowen Group, Inc. |
| Title of the Securities | % Senior Notes due 2021. |
| Aggregate Principal Amount Offered: | $ |
| Over-Allotment Options | The underwriters may also purchase from us up to an additional $ aggregate principal amount of the Notes to cover overallotments, if any, within 30 days of the date of this prospectus supplement. |
| Initial Public Offering Price | 100% of the aggregate principal amount. |
| Denominations | The Notes will be issued in denominations of $25.00 or in integral multiples of $25.00. |
| Listing | The Company intends to apply to list the Notes on the Nasdaq Global Market. If the application is approved, the Company expects trading in the Notes on the Nasdaq Global Market to begin within 30 days after the original Issue Date. |
| Maturity Date | , 2021. |
| Issue Date | , 2014. |
| Interest | % per year, payable quarterly in arrears on , , and of each year, beginning . If an interest payment date falls on a day other than a business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. |
| Optional Redemption | Prior to , 2017, we may redeem the Notes at any time in whole or from time to time in part, at our option, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus any accrued and unpaid interest thereon to the redemption date (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date), plus a "make-whole" amount, if any.<br>On and after , 2017, we may redeem the Notes as a whole at any time or in part from time to time, at our option, at the redemption prices described under "Description of Notes Optional Redemption. |
| Repurchase Upon a Change of Control | If we experience a Change of Control (as defined under "Description of the Notes Repurchase at the Option of Holders upon a Change of Control"), we must offer to repurchase the Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest thereon. See "Description of the Notes Repurchase at the Option of Holders upon a Change of Control." |

Table of Contents

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| Ranking | The Notes will be our senior unsecured obligations, and will rank equal in right of payment with all of our current and future senior unsecured obligations. The Notes will effectively rank junior in right of payment to all existing and future debt and other liabilities (including trade payables) of our subsidiaries. In addition, since the Notes are unsecured, the Notes will also effectively rank junior in right of payment to any secured debt that we have outstanding to the extent of the value of the assets securing such debt. As of June 30, 2014, our total consolidated indebtedness was $219.8 million. This does not include the indebtedness incurred under the Notes or any indebtedness we expect to incur in connection with Cowen Finance. Of this amount, $63.4 million was secured indebtedness of our subsidiaries and $6.9 million represented short-term borrowings and other liabilities of our subsidiaries (excluding intercompany obligations and liabilities), to all of which subsidiary indebtedness the Notes would have been effectively subordinated with respect to the assets of such subsidiaries. The remaining $149.5 million of indebtedness represented the senior unsecured convertible notes of Cowen Group, Inc. |
| Certain Covenants | The indenture governing the Notes contains covenants that, among other things, limit the Company's and its Restricted Subsidiaries' ability to:<br><br>incur debt or issue preferred stock;<br><br>pay dividends or make distributions on their capital stock, or purchase, redeem or otherwise acquire their capital stock;<br><br>grant liens securing indebtedness of the Company without securing the Notes equally and ratably; and the ability of the Restricted Subsidiaries of the Company to:<br><br>guarantee indebtedness of the Company without guaranteeing the Notes.<br>These covenants are subject to a number of important qualifications and exceptions which are described under "Description of Notes  Certain Covenants." In addition, the first two of these covenants will be suspended if at least two of Standard & Poor's Ratings Services, Moody's Investors Service Inc. and Fitch Ratings, Inc. assign the Notes an investment grade rating and no default exists with respect to the Notes, all as more particularly described under "Description of Notes  Covenant Suspension." |
| Use of Proceeds | The Company intends to use the net proceeds of this offering (i) to capitalize Cowen Finance, a new commercial finance company being formed by the Company and (ii) for general corporate purposes. See "Use of Proceeds" and "Summary  Cowen Group, Inc.  New Commercial Finance Company." |

Table of Contents

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|---|---|
| Risk Factors | Investing in the Notes involves risks. See "Risk Factors" in this prospectus supplement as well as the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2014 and June 30, 2014 and subsequent reports we have filed with the SEC, which are incorporated by reference into this prospectus supplement and the accompanying prospectus, for a discussion of factors you should consider carefully before deciding to invest in the Notes. |
| Sinking Fund | The Notes will not be subject to any sinking fund. |
| Form of Notes | The Notes will be represented by global securities that will be deposited with or on behalf of, and registered in the name of, The Depository Trust Company ("DTC") or its nominee. Except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC. |
| Governing Law | The Notes and the indenture under which the Notes are being issued will be governed by and construed in accordance with the laws of the State of New York. |
| Trustee | The Bank of New York Mellon. |
| Conflict of Interest | Our affiliate, Cowen and Company, LLC, is one of the book-running managers of this offering. As our affiliate, Cowen and Company, LLC would be deemed to have a "conflict of interest" with us under Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA") with regard to the offering of the Notes. Therefore, the offering of the Notes will be conducted in compliance with the applicable requirements of FINRA Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering as the member primarily responsible for managing the public offering does not have a conflict of interest, is not an affiliate of any member that has a conflict of interest and meets the requirements of paragraph (f)(12)(E) of FINRA Rule 5121. Cowen and Company, LLC will not confirm initial sales to any discretionary accounts over which it has authority without the prior specific written approval of the customer. See "Underwriting (Conflicts of Interest) Conflicts of Interest." |

Table of Contents

**Summary Financial Data**

The summary financial data as of and for the years ended December 31, 2013, 2012 and 2011 have been derived from our audited financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary financial data as of and for the six months ended June 30, 2014 and 2013 have been derived from our unaudited financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus and, in the opinion of management, reflect all adjustments necessary for a fair statement of our results and financial position for such periods. The quarterly results are not necessarily indicative of the results for the full year. The consolidated financial information presented below should be read in conjunction with our consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

Table of Contents

| | Six months ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2012 | 2011 |
| | (dollars in thousands) | | | | |
| **Income Statement Data:** | | | | | |
| **Revenues** | | | | | |
| Investment banking | $ 79,854 | $ 42,737 | $ 105,333 | $ 71,762 | $ 50,976 |
| Brokerage | 66,141 | 58,121 | 114,593 | 91,167 | 99,611 |
| Management fees | 18,616 | 19,191 | 37,303 | 38,116 | 52,466 |
| Incentive income | 5,222 | 4,565 | 12,586 | 5,411 | 3,265 |
| Interest and dividends | 21,712 | 19,842 | 39,454 | 24,608 | 22,306 |
| Reimbursement from affiliates | 4,918 | 2,699 | 9,161 | 5,239 | 4,322 |
| Other revenues | 1,307 | 963 | 5,418 | 3,668 | 1,583 |
| *Consolidated Funds revenues* | 1,809 | 330 | 3,398 | 509 | 749 |
| **Total revenues** | **199,579** | **148,448** | **327,246** | **240,480** | **235,278** |
| **Expenses** | | | | | |
| Employee compensation and benefits | 131,965 | 91,730 | 207,248 | 194,034 | 203,767 |
| Non-compensation expense (excluding goodwill impairment) | 81,267 | 77,075 | 151,630 | 131,190 | 161,955 |
| Goodwill impairment | | | | | 7,151 |
| *Consolidated Funds expenses* | 700 | 919 | 2,039 | 1,676 | 2,782 |
| **Total expenses** | **213,932** | **169,724** | **360,917** | **326,900** | **375,655** |
| **Other income (loss)** | | | | | |
| Net gain (loss) on securities, derivatives and other investments | 34,391 | 16,801 | 40,924 | 55,665 | 15,128 |
| Bargain purchase gain | | | | | 22,244 |
| *Consolidated Funds net gains (losses)* | 7,712 | 9,076 | 11,044 | 7,246 | 4,395 |
| **Total other income (loss)** | **42,103** | **25,877** | **51,968** | **62,911** | **41,767** |
| **Income (loss) before income taxes** | **27,750** | **4,601** | **18,297** | **(23,509)** | **(98,610)** |
| Income taxes expense (benefit) | 125 | 334 | 457 | 448 | (20,073) |
| **Net income (loss) from continuing operations** | **27,625** | **4,267** | **17,840** | **(23,957)** | **(78,537)** |
| Net income (loss) from discontinued operations, net of tax | | | | | (23,646) |
| **Net income (loss)** | 27,625 | 4,267 | 17,840 | (23,957) | (102,183) |
| Income (loss) attributable to redeemable non-controlling interests in consolidated subsidiaries and funds | 9,403 | 5,750 | 13,193 | (72) | 5,827 |
| **Net income (loss) attributable to Cowen Group, Inc. stockholders** | **$ 18,222** | **$ (1,483)** | **$ 4,647** | **$ (23,885)** | **$ (108,010)** |

| | As of June 30, | | As of December 31, | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2012 | 2011 |
| | (dollars in thousands) | | | | |
| **Balance Sheet Data:** | | | | | |
| Total assets | $ 3,572,174 | $ 1,578,995 | $ 1,842,000 | $ 1,638,476 | $ 1,535,838 |
| Total liabilities | 2,944,227 | 981,307 | 1,248,420 | 1,057,664 | 922,786 |
| Redeemable non-controlling interests | 92,935 | 91,562 | 85,814 | 85,703 | 104,587 |
| Total Stockholders' Equity | **$ 535,012** | **$ 506,126** | **$ 507,766** | **$ 495,109** | **$ 508,465** |

Table of Contents

## RISK FACTORS

*An investment in the Notes involves a high degree of risk. In addition to the other information included in this prospectus supplement and the accompanying prospectus, you should carefully consider each of the following risk factors and those set forth in the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for the periods ended March 31, 2014 and June 30, 2014, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. You should carefully consider all these risk factors in addition to the other information presented or incorporated by reference in this prospectus supplement.*

**Risks Related to the Notes**

***The Notes will be effectively subordinated, or junior in right of payment, to our secured indebtedness and to the indebtedness and other obligations of our subsidiaries.***

The Notes will be our general unsecured senior obligations ranking effectively junior in right of payment to all of our existing and future secured debt, to the extent of the value of the collateral securing such debt. If we are declared bankrupt, become insolvent or are liquidated or reorganized, our secured creditors will be entitled to be paid in full from the proceeds of the collateral securing such secured obligations before any such proceeds may be applied to make payments on the Notes. Holders of the Notes will participate ratably in our remaining assets with all holders of our existing and future unsecured indebtedness that is not expressly subordinated to Notes and all of our other general unsecured obligations, including trade payables, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the Notes in full. As a result, holders of the Notes would likely receive less, ratably, than holders of secured indebtedness.

At their issuance, the Notes are our sole obligation and are not guaranteed by any of our subsidiaries. Our subsidiaries are separate and distinct legal entities and they have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make any funds available therefor, whether by dividends, fees, loans or otherwise. Any right we have to receive any assets of any of our subsidiaries upon any liquidation, dissolution, winding up, bankruptcy, insolvency or similar proceedings (and the consequent right of the holders of our indebtedness, including the Notes, to participate in the distribution of, or to realize proceeds from, those assets) will be effectively subordinated to the claims of any such subsidiary's creditors, including trade creditors. Accordingly, the Notes will be effectively subordinated to all indebtedness and other liabilities of our subsidiaries. In addition, since the Notes are unsecured, the Notes will also effectively rank junior in right of payment to any secured debt that we have outstanding to the extent of the value of the assets securing such debt. As of June 30, 2014, our total consolidated indebtedness was $219.8 million. This does not include the indebtedness incurred under the Notes or any indebtedness we expect to incur in connection with Cowen Finance. Of this amount, $63.4 million was secured indebtedness of our subsidiaries and $6.9 million represented short-term borrowings and other liabilities of our subsidiaries (excluding intercompany obligations and liabilities), to all of which subsidiary indebtedness the Notes would have been effectively subordinated with respect to assets of such subsidiaries. The remaining $149.5 million of indebtedness represented the senior unsecured convertible notes of Cowen Group, Inc.

The indenture governing the Notes limits, but does not prohibit us or our subsidiaries from incurring additional debt in the future, including secured debt. For example, one of the exceptions to the "Limitation on Indebtedness" covenant permits us and our subsidiaries to incur an unlimited amount of Permitted Funding Debt (as defined under "Description of the Notes  Certain Definitions"), and the interest expense on any Permitted Funding Debt is excluded from the calculation of Consolidated Interest Expense when calculating the Consolidated Fixed Charge Coverage Ratio of such covenant. See the covenants "Limitation on Indebtedness" and "Limitation on Liens Securing

Table of Contents

Indebtedness of the Company" and related definitions under "Description of the Notes Certain Definitions" for other exceptions to such covenants, allowing us or our subsidiaries to incur additional debt, including secured debt. To the extent we incur additional secured debt or our subsidiaries incur additional debt, the risks of subordination described above will increase.

***We are a holding company and rely upon our subsidiaries for cash flow to make payments of principal and interest on the Notes.***

We are a holding company with no business operations or assets other than the capital stock of our direct and indirect subsidiaries. Consequently, we will be dependent on dividends, distributions, loans and other payments from these subsidiaries to make payments of principal and interest on the Notes. The ability of our subsidiaries to pay dividends and make other payments to us will depend on their cash flows and earnings, which, in turn, will be affected by all of the factors discussed in our most recent Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 on file with the SEC. The ability of our direct and indirect subsidiaries to pay dividends and make distributions to us may be restricted by, among other things, applicable laws and regulations and by the terms of any debt agreements or other agreements into which they enter. If we are unable to obtain funds from our direct and indirect subsidiaries as a result of restrictions under their debt or other agreements, applicable laws and regulations or otherwise, we may not be able to pay cash interest or principal on the Notes when due.

***Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.***

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

***Certain restrictive covenants in the indenture governing the Notes will be suspended if the Notes achieve investment grade ratings.***

Some of the restrictive covenants in the indenture governing the Notes will be suspended if the Notes achieve investment grade ratings from at least two of Moody's Investors Service, Inc., Standard & Poor's Rating Services and Fitch Ratings, Inc., and no default or event of default has occurred. If these restrictive covenants cease to apply, we may take actions, such as incurring additional debt or making certain dividends or distributions that would otherwise be prohibited under the indenture. Ratings are given by these rating agencies based upon analyses that include many subjective factors. We cannot assure you that the Notes will achieve investment grade ratings, nor can we assure you that investment grade ratings, if achieved, will reflect all of the factors that would be important to holders of the Notes.

***The Notes are not rated and the issuance of a credit rating could adversely affect the market price of the Notes.***

At their issuance, the Notes will not be rated by any credit rating agency. Following their issuance, the Notes may be rated by one or more of the credit rating agencies. If the Notes are rated, the rating

Table of Contents

could be lower than expected, and such a rating could have an adverse effect on the market price of the Notes. Furthermore, credit rating agencies revise their ratings from time to time and could lower or withdraw any rating issued with respect to the Notes. Any real or anticipated downgrade or withdrawal of any ratings of the Notes could have an adverse effect on the market price or liquidity of the Notes.

Ratings reflect only the view of the issuing credit rating agency or agencies and are not recommendations to purchase, sell or hold any particular security, including the Notes. In addition, ratings do not reflect market prices or suitability of a security for a particular investor, and any future rating of the Notes may not reflect all risks related to the Company and its business or the structure or market value of the Notes.

***We cannot assure you that an active trading market will develop for the Notes.***

Prior to this offering, there has been no trading market for the Notes and, although we intend to apply to list the Notes on the Nasdaq Global Market, we cannot assure you that an active trading market will develop for the Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. In that case you may not be able to sell your Notes at a particular time or you may not be able to sell your Notes at a favorable price.

***Changes in the credit markets could adversely affect the market price of the Notes.***

Following the offering, the market price for the Notes will be based on a number of factors, including:

the prevailing interest rates being paid by other companies similar to us; and

the overall condition of the financial markets.

The condition of the credit markets and prevailing interest rates have fluctuated in the past and can be expected to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price and liquidity of the Notes.

***An increase in market interest rates could result in a decrease in the relative value of the Notes.***

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these Notes and market interest rates increase, the market values of your Notes may decline. We cannot predict the future level of market interest rates.

***We could enter into various transactions that could increase the amount of our outstanding debt, or adversely affect our capital structure or credit rating, or otherwise adversely affect holders of the Notes.***

Subject to certain exceptions, the terms of the Notes do not prevent us from entering into a variety of acquisition, divestiture, financing, recapitalization or other highly leveraged transactions. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Notes.

***Redemption may adversely affect your return on the Notes.***

We have the right to redeem some or all of the Notes prior to maturity, as described under "Description of the Notes  Optional Redemption." We may redeem the Notes at times when prevailing interest rates may be relatively low compared to rates at the time of issuance of the Notes. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Table of Contents

***We may not be able to repurchase the Notes upon a change of control.***

Upon the occurrence of specific kinds of change of control triggering events, we will be required to offer to repurchase the Notes. The source of funds for any such purchase of the Notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the Notes upon a change of control because we may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control. In addition, our ability to repurchase the Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the indenture would constitute a default under the indenture. A default under the indenture or the change of control itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes. Our outstanding indebtedness contains and any of our future debt agreements may contain similar provisions.

***You may not be able to determine when a change of control has occurred.***

The definition of change of control in the indenture governing the Notes includes a phrase relating to the sale, lease or transfer of "all or substantially all" of our assets. There is no precisely established definition of the phrase "substantially all" under applicable law. Accordingly, your ability to require us to repurchase your Notes as a result of a sale, lease or transfer of less than all of our assets to another individual, group or entity may be uncertain.

**Risks Related to Cowen Finance**

***We expect that the entities operating the Cowen Finance business will not be subject to any of the restrictive covenants or the indenture governing the Notes.***

We intend to designate the entities operating the Cowen Finance business as "unrestricted subsidiaries" under the terms of the indenture governing the Notes. As "unrestricted subsidiaries," Cowen Finance and its subsidiaries would not be subject to any of the restrictive covenants of the indenture. In addition, the indenture governing the Notes does not restrict the Company or its subsidiaries from making investments, including investments in unrestricted subsidiaries.

***The operations of our new commercial finance company may not be as successful as we anticipate.***

The commercial finance company, Cowen Finance, will represent a new business line for us distinct from our alternative investment business and our broker-dealer business upon which we have traditionally focused. Going forward, we anticipate that Cowen Finance will constitute a significant portion of our business; however this business may not be as successful as we anticipate or as successful as our existing businesses.

***We may not be able to provide or raise sufficient capital to support our new commercial finance company.***

In addition to our initial equity investment of up to $125.0 million, additional debt or equity financing or further equity commitments by us may be necessary to fund the operations of Cowen Finance in the future. If we are unable to provide sufficient capital on terms favorable to us, we may not be able to build Cowen Finance's business, expand the business in the future, or otherwise respond to changing business conditions or competitive pressures. Any of these factors could negatively impact our ability to successfully operate our new business which may adversely affect our business and future results of operations.

Table of Contents

***Cowen Finance will require significant financing to operate its business and our potential financing sources may expose us to additional risks.***

We expect that Cowen Finance will incur significant indebtedness in the ordinary course of its operations, which may take the form of bank credit facilities, debt securities, secured revolving lines of credit utilized to fund loan commitments until Cowen Finance is able to transfer all or a portion of such loan commitments to other lenders through its syndication efforts. Such debt financing may also involve the use of derivatives, securitizations, or other financing facilities. We cannot assure you that we will be able to obtain, maintain, or renew Cowen Finance's financing facilities on terms favorable to it or at all. Furthermore, any financing facility that Cowen Finance enters into will likely be subject to conditions and restrictive covenants relating to its operations, which may inhibit its ability to grow its business. Any of the foregoing may adversely affect our business and future results of operations.

***We face numerous uncertainties and risks as we enter the commercial finance business.***

Operating a commercial finance business that would structure, underwrite and syndicate a broad range of loans to middle market commercial borrowers involves a variety of risks including, among others:

- legal limitations (whether in a borrower's bankruptcy proceedings or otherwise) on the right of Cowen Finance to accelerate and foreclose on collateral;
- misleading, inaccurate or incomplete information received from potential borrowers and guarantors;
- risks associated with loans to middle market companies, generally, such as (i) limited liquidity and secondary market support, (ii) the possibility that earnings of the obligors may be insufficient to meet their debt service, (iii) the declining creditworthiness and potential for insolvency of the obligors of such loans during periods of economic downturn, (iv) the obligors often being small or mid-size companies representing only local or regional interests and consequently being more susceptible to adverse economic, weather or other conditions that may only impact certain locales or geographic areas and (v) limited historical default data;
- lower interest income due to unanticipated prepayments (including voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) on Cowen Finance loans;
- our inability to build on our relationships with financial sponsors, and successfully implement cost-effective strategies to finance Cowen Finance's growth, which depends, to a significant extent, on the continued growth and success of our investment banking business;
- unsuccessful syndication or securitization of a loan due to unanticipated changes in market conditions or lender or investor sentiment, borrower credit deterioration, incomplete or inadequate due diligence, unanticipated adverse changes relating to the borrower or incorrect pricing;
- competition from commercial banks, diversified finance companies, asset-based lenders, specialty finance companies, business development companies, private equity funds, investment funds and investment banks;
- our inability to identify, attract and retain a sufficient number of skilled employees to operate Cowen Finance;
- inability to establish sufficient reserves for potential losses;
- unforeseen financial, managerial, regulatory and operational obstacles or costs; and

Table of Contents

economic recessions or downturns in the U.S. economy generally or fluctuating interest rates which, in either case, may reduce Cowen Finance's underwriting and investment opportunities, increase portfolio losses, limit Cowen Finance's financing flexibility and increase its syndication and liquidity risks.

Any of the foregoing events could harm our business and future results of operations.

Table of Contents

## USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $ million (or $ million if the underwriters exercise their option to purchase additional Notes in full), after deducting the underwriting discount and offering expenses payable by us.

We intend to use the net proceeds of this offering (i) to capitalize Cowen Finance, a new commercial finance company being organized by the Company, and (ii) for general corporate purposes. See "Summary  Cowen Group, Inc.  New Commercial Finance Company."

Table of Contents

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth the ratio of earnings to fixed charges for each of the periods presented. For purposes of computing this ratio, earnings consist of pre-tax net income (loss) before non-controlling interests and adjustment for income (loss) from equity investees plus fixed charges to the extent that these charges are included in the determination of earnings and distributed income of equity investees. Fixed charges consist of interest expense, amortization of debt discount and capitalized debt costs and the portion of rental expense that represents an appropriate interest factor.

| | Six Months Ended | Year ended December 31, | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Ratio of earnings to fixed charges | 3.92 | 2.36 | | | | |

For the years ended December 31, 2012, 2011, 2010 and 2009, we had earnings-to-fixed charges deficiencies of approximately $23.1 million, $83.8 million, $26.5 million and $7.1 million, respectively.

Table of Contents

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2014:

- on an actual basis; and
- on an adjusted basis to give effect to this offering, after the payment of the underwriting discount and estimated fees and expenses of $ related to this offering as if it occurred on that date.

The actual data are derived from our audited consolidated financial statements. You should read this table in conjunction with "Summary Summary Financial Data," which appears elsewhere in this prospectus supplement, and our unaudited interim consolidated financial statements and related notes and the discussion of our liquidity and capital resources as of June 30, 2014 incorporated by reference in this prospectus supplement.

| | June 30, 2014 Actual | June 30, 2014 As Adjusted |
|---|---|---|
| | (in thousands) | |
| Cash and cash equivalents | $ 75,012 | |
| Long-term debt | | |
| 3% Convertible Senior Notes due 2019 | $ 149,500 | $ 149,500 |
| Senior Notes offered hereby | | |
| Total long-term debt | $ 149,500 | |
| Total stockholders' equity | $ 535,012 | |
| Total capitalization | $ 684,512 | |

Table of Contents

**LEGAL PROCEEDING**

On May 28, 2014, Energy Intelligence Group, Inc. and Energy Intelligence Group UK (collectively, "EIG") filed a lawsuit against Cowen and Company, LLC in the United States Court for the Southern District of New York (*Energy Intelligence Group, Inc. and Energy Intelligence Group UK v. Cowen and Company, LLC, No. 14-CV-3789*). The complaint alleges copyright infringement based on alleged impermissible distribution of EIG's publication, *Oil Daily*, by Cowen and Company, LLC, and Dahlman Rose & Company, LLC, as Cowen's alleged predecessor-in-interest. EIG is seeking statutory damages based on alleged willful infringement of their copyrights. The Company intends to vigorously defend against this lawsuit. On July 22, 2014, the action was referred to a federal Magistrate Judge for the purpose of settlement, staying Cowen's time to answer until the parties have completed settlement discussions. On September 18, 2014, the parties attended a mediation before the federal Magistrate Judge. The case is in its preliminary stages so the Company cannot predict the outcome. The Company does not expect this case to have a material effect on its financial position, but it could have a material effect on its results of operations in the period in which the matter is resolved.

Table of Contents

## DESCRIPTION OF THE NOTES

*The following description of the particular terms of the Notes supplements the description of the general terms and provisions of the "debt securities" set forth in the accompanying prospectus, to which reference is made. References to "we," "us," "our," "Cowen Group" and "the Company" in this section are only to Cowen Group, Inc. and not to its subsidiaries. For the definition of certain capitalized terms used in this section, see " Certain Definitions" below.*

### General

The Notes will be issued under an indenture to be dated as of , 2014, between us and The Bank of New York Mellon, as Trustee, the form of which is filed as an exhibit to the Registration Statement, as amended and supplemented by a supplemental indenture to be dated as of , 2014, between us and the Trustee (as so amended and supplemented or otherwise modified from time to time, the "Indenture"). The Notes will be a separate series of our "senior debt securities" (as that term is used in the accompanying prospectus).

We will initially issue a total of $ aggregate principal amount of Notes. We have granted the underwriters an option, to purchase up to an additional $ aggregate principal amount of Notes, within 30 days from the date of this prospectus supplement.

Subject to the covenant described below under the caption " Certain Covenants Limitation on Indebtedness," we are permitted to issue debt securities from time to time in one or more series under the Indenture. We may from time to time, without giving notice to or seeking the consent of the holders of the Notes, issue additional senior debt securities under the Indenture having the same terms (except for the issue date, and, in some cases, the public offering price, the initial interest accrual date, and the first interest payment date) as, and ranking equally and ratably with, the Notes ("Additional Notes"), provided that such Additional Notes constitute a qualified reopening of the original Notes pursuant to Treasury Regulation Section 1.1275-2(k). The Notes and any Additional Notes that may be issued will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and Change of Control Offers. Unless the context otherwise requires, references to the "Notes" for all purposes under the Indenture and in this "Description of the Notes" include any Additional Notes that are issued.

The Notes will mature on , 2021. Interest on the Notes will accrue from , 2014 at a rate of % per year and will be payable quarterly on , , and (each an "Interest Payment Date"), commencing on , . On an Interest Payment Date, interest will be paid to the persons in whose names the Notes were registered as of the record date which shall be the first day of the month preceding the respective Interest Payment Date (whether or not a business day).

The amount of interest payable for any period will be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any period shorter than a full quarterly interest period will be computed on the basis of the number of days elapsed in a 90-day quarter of three 30-day months. If any Interest Payment Date falls on a Saturday, Sunday, legal holiday in the City of New York or a day on which banking institutions in the City of New York are authorized by law, regulation or executive order to close, then payment of interest will be made on the next succeeding business day and no additional interest will accrue because of the delayed payment.

The Notes will be available for purchase in denominations of $25 and integral multiples of $25 in book-entry form only. See " Book-Entry System; Delivery and Form."

### Ranking

The Notes will be our senior unsecured obligations, and will rank equal in right of payment with all of our current and future senior unsecured obligations.

Table of Contents

Substantially all of our operations are conducted through our subsidiaries. The Notes will not be guaranteed by any of our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due with respect to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the Notes to participate in those assets will be subject to prior claims of creditors of the subsidiary. As a result, the Notes will effectively rank junior in right of payment to all existing and future debt and other liabilities (including trade payables) of our subsidiaries. In addition, since the Notes are unsecured, the Notes will also effectively rank junior in right of payment to any secured debt that we have outstanding to the extent of the value of the assets securing such debt. As of June 30, 2014, our total consolidated indebtedness was $219.8 million. Of this amount, $63.4 million was secured indebtedness of our subsidiaries and $6.9 million represented short-term borrowings and other liabilities of our subsidiaries (excluding intercompany obligations and liabilities), to all of which subsidiary indebtedness the Notes would have been effectively subordinated with respect to the assets of such subsidiaries. The remaining $149.5 million of indebtedness represented the senior unsecured convertible notes of Cowen Group, Inc. This does not include the indebtedness incurred under the Notes or any indebtedness we expect to incur in connection with Cowen Finance.

On the Issue Date, all of the Company's subsidiaries will be Restricted Subsidiaries other than one of the Company's subsidiaries that has no material assets and from which the Company derives management fees. As of June 30, 2014, this subsidiary accounted for 0.11%, 3.66% and 3.20% of the total assets, total revenues and Economic Income (as such term is used in the Company's financial statements), respectively, of the Company and its consolidated subsidiaries, taken as a whole. As discussed above under the caption "Summary  New Commercial Finance Company", the Company plans to enter the commercial finance business. The subsidiaries to be organized by the Company to engage in its commercial finance business and their respective subsidiaries are also expected to be designated as Unrestricted Subsidiaries. Except during a Suspension Period, the Board of Directors of the Company may designate any Subsidiary, including a Restricted Subsidiary, to be an Unrestricted Subsidiary, provided that the conditions described under the caption "  Certain Covenants  Designation of Restricted and Unrestricted Subsidiaries" are satisfied. Any subsidiary of the Company that is designated as an Unrestricted Subsidiary will not be subject to any of the restrictive covenants set forth in the Indenture and the Indenture does not limit the Company or any Restricted Subsidiary from making investments, including investments in Unrestricted Subsidiaries.

**Trading Characteristics**

We expect the Notes to trade at a price that takes into account the value, if any, of accrued and unpaid interest. This means that purchasers will not pay, and sellers will not receive, accrued and unpaid interest on the Notes that is not included in their trading price. Any portion of the trading price of a Note that is attributable to accrued and unpaid interest will be treated as a payment of interest for U.S. federal income tax purposes and will not be treated as part of the amount realized for purposes of determining gain or loss on the disposition of the Notes. See "Material Federal Income Tax Considerations" below.

**Optional Redemption**

Prior to , 2017, we may redeem the Notes as a whole at any time or in part from time to time, at our option, upon not less than 30 nor more than 60 days notice, at a redemption price, as determined by us, equal to the sum of (i) 100% of the principal amount of the Notes being redeemed plus any accrued and unpaid interest to, but not including, the redemption date (subject to the right of holders on the relevant record date to receive interest due on the relevant Interest Payment Date) *plus* (ii) the Make-Whole Amount, if any.

"Make-Whole Amount" shall mean, in connection with any optional redemption of any Note, the excess, if any of (i) the present value as of the date of such redemption of (a) the redemption price of

Table of Contents

such Note on , 2017 (such redemption price being described below in the next paragraph) *plus* (b) all remaining required interest payments due on such Note through and including the payment due on , 2017 (exclusive of any interest accrued to the redemption date), determined by discounting, on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (determined on the second Business Day preceding the redemption date) plus 50 basis points, over (ii) the aggregate principal amount of such Note being redeemed. The Trustee shall have no responsibility for calculating such Make-Whole Amount.

On and after , 2017, we may redeem the Notes in whole at any time or in part from time to time, at our option, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on of the year set forth below:

| Year | Percentage |
|---|---|
| 2017 | % |
| 2018 | % |
| 2019 | % |
| 2020 and thereafter | 100.00% |

In addition, we will pay any interest accrued but unpaid to the redemption date (subject to the right of the holders on the relevant record date to receive interest due on the relevant Interest Payment Date).

We are not required to establish a sinking fund to retire the Notes prior to maturity.

**Mandatory Redemption; Open Market and Other Purchases**

Except as described below under the caption " Repurchase at the Option of Holders upon a Change of Control," the Company will not be required to repurchase the Notes or make any mandatory redemption or sinking fund payments with respect to the Notes. The Company or any affiliate of the Company may at any time and from time to time acquire Notes by means other than a redemption, whether by tender offer, purchases in the open market, negotiated transactions or otherwise, in accordance with applicable securities laws. Such Notes may, at the option of the Company or the relevant affiliate of the Company, be held, resold, or surrendered to the trustee for cancellation. In determining whether the holders of the requisite principal amount of outstanding Notes have consented to or voted in favor of any request, direction, notice, waiver, amendment or modification under the Indenture, Notes which a trust officer of the Trustee actually knows to be held by the Company or an affiliate of the Company shall not be considered outstanding.

**Repurchase at the Option of Holders upon a Change of Control**

If a Change of Control occurs, unless we have previously or concurrently exercised our right to redeem all of the Notes as described above under the caption " Optional Redemption," each holder of Notes will have the right to require us to repurchase all or any part (equal to $25.00 or in integral multiples of $25.00) of that holder's Notes pursuant to an offer (a "Change of Control Offer") on the terms set forth in the Indenture. In the Change of Control Offer, we will offer a payment (a "Change of Control Payment") in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased, to the date of settlement (the "Change of Control Settlement Date"), subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the Change of Control Settlement Date. Within 30 days following any Change of Control, unless we have previously or concurrently exercised our right to redeem all of the Notes as described above under the caption " Optional Redemption," we will send a notice to each holder and the Trustee describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes properly tendered prior to the expiration date specified in the notice, which date will be no earlier than

Table of Contents

30 days and no later than 60 days from the date such notice is sent, pursuant to the procedures required by the Indenture and described in such notice.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the Indenture by virtue of such conflict.

Promptly following the expiration of the Change of Control Offer, we will, to the extent lawful, accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer. Promptly after such acceptance, we will on the Change of Control Settlement Date:

(1) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by us.

On the Change of Control Settlement Date, the paying agent will mail to each holder of Notes properly tendered the Change of Control Payment for such Notes (or, if all the Notes are then in global form, make such payment through the facilities of DTC), and the Trustee will authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided, however,* that each new Note will be in a principal amount of $25.00 or an integral multiple thereof. We will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Settlement Date.

Credit agreements or other agreements relating to indebtedness entered into by us from time to time after the Issue Date may provide that certain change of control events with respect to us would constitute an event of default thereunder, entitling the lenders, among other things, to accelerate the maturity of all indebtedness outstanding thereunder.

The provisions described above that require us to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require us to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

We will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party (including one of our subsidiaries) makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption " Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer by us or a third party may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making the Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Company will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such

Table of Contents

purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued but unpaid interest to the date of redemption set forth in such notice, subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to such redemption date.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of us and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our and our subsidiaries' properties or assets taken as a whole to another person or group may be uncertain.

**Covenant Suspension**

If at any time (a) the Notes have an Investment Grade Rating from at least two of the Ratings Agencies, (b) no default or Event of Default has occurred and is continuing under the Indenture and (c) the Company has delivered to the Trustee an officers' certificate certifying to the foregoing provisions of this sentence, the Company and its Restricted Subsidiaries will not be subject to the following covenants:

" Certain Covenants Limitation on Restricted Payments";

" Certain Covenants Limitation on Indebtedness";

clause (2) of the covenant described under " Certain Covenants Merger, Consolidation and Sale of Assets";

(collectively, the "Suspended Covenants").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time (the "Suspension Period") as a result of the preceding sentence and, subsequently, one of the Rating Agencies withdraws its ratings, no longer makes its rating publicly available or downgrades the ratings assigned to the Notes resulting in the Notes no longer having an Investment Grade Rating from at least two Rating Agencies (the "Reversion Date"), then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants, it being understood that no actions taken by (or omissions of) the Company or any of its Restricted Subsidiaries during the Suspension Period shall constitute a default or an Event of Default under the Suspended Covenants. Furthermore, after the Reversion Date, (a) calculations with respect to Restricted Payments will be made in accordance with the terms of the covenant described below under the caption " Certain Covenants Limitation on Restricted Payments" as though such covenant had been in effect prior to and throughout the Suspension Period and accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of such covenant and (b) all Indebtedness incurred, or Disqualified Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the definition of "Permitted Indebtedness." Notwithstanding the foregoing, if the Notes have received an Investment Grade Rating from any of the Rating Agencies and thereafter, Moody's, S&P or Fitch ceases to exist with no successor or assign or Moody's, S&P or Fitch ceases to publicly rate the Notes for reasons outside of the Company's control (a "ratings failure event"), then the Company shall have 60 calendar days from the ratings failure event to select another Rating Agency in substitution for Moody's, S&P or Fitch and until the earlier of the expiration of such 60 day period or the selection of such other Rating Agency, the Notes shall be deemed to have an Investment Grade Rating.

Table of Contents

During a Suspension Period, the Company may not designate any Subsidiary that was a Restricted Subsidiary at the commencement of such Suspension Period as an Unrestricted Subsidiary. The Company will provide the Trustee with prompt written notice of the commencement of any Suspension Period.

**Certain Covenants**

In addition to the covenants described in the accompanying prospectus under "Description of Debt Securities," the following covenants will apply to the Notes:

*Limitation on Restricted Payments*

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution with respect to any of the Company's or any Restricted Subsidiary's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary) or to the direct or indirect holders of the Company's or any Restricted Subsidiary's Equity Interests in their capacity as such (other than dividends, payments or distributions (x) payable in Equity Interests (other than Disqualified Stock) of the Company or (y) to the Company or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company or any Restricted Subsidiary) any Equity Interests of the Company held by any Person (other than by a Restricted Subsidiary) or any Equity Interests of any Restricted Subsidiary (other than by the Company or another Restricted Subsidiary); or

(3) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness;

(all such payments and other actions set forth in the foregoing clauses (1), (2) and (3) being collectively referred to as "Restricted Payments" and each, a "Restricted Payment"), if at the time of such Restricted Payment or immediately after giving effect thereto,

(i) a Default or an Event of Default shall have occurred and be continuing; or

(ii) the Company is not able to incur at least $1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described below under " Limitation on Indebtedness;" or

(iii) the aggregate amount of all Restricted Payments (including such proposed Restricted Payment, but excluding any Restricted Payment made pursuant to clauses (2), (3), (5), (6) (7), (8) and (9) of the next paragraph of this covenant) made subsequent to the Issue Date (the amount expended for such purposes, if other than in cash, being the Fair Market Value of such property as determined in good faith by the Board of Directors of the Company) shall exceed the sum of:

(a) 50% of the Company's Consolidated Net Income on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the first fiscal quarter during which the Issue Date occurs and ending on the last day of the Company's last fiscal quarter ending prior to the date of such proposed Restricted Payment (the "Reference Date") for which financial statements are available (or if such Consolidated Net Income for such period is a loss, minus 100% of such loss); *plus*

Table of Contents

(b) the aggregate net cash proceeds (or the Fair Market Value of any marketable securities or other property) received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company (including, in connection with a merger or consolidation with another Person) since the Issue Date and the amount of reduction of Indebtedness of the Company or its Restricted Subsidiaries that has been converted into or exchanged for such Equity Interests (other than Equity Interests sold to, or Indebtedness held by, a Subsidiary of the Company) since the Issue Date; *plus*

(c) $35 million.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration;

(2) any Restricted Payment in exchange for, or out of the net cash proceeds of a contribution to the common equity of the Company or a substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests (other than Disqualified Stock) of the Company; *provided* that the amount of any such net cash proceeds that are utilized for such Restricted Payment will be excluded from clause (iii)(b) of the preceding paragraph;

(3) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness in exchange for or with the net cash proceeds from a substantially concurrent Incurrence (other than to a Subsidiary of the Company) of, Permitted Refinancing Indebtedness;

(4) so long as no Default or Event of Default shall have occurred and be continuing, the redemption, repurchase, retirement, defeasance or other acquisition by the Company of Equity Interests of the Company held by future, present or former officers, directors, employees, managers and consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment of such officers, directors, employees, managers or consultants or termination of their seat on the board of the Company; *provided, however*, that the aggregate amounts paid under this clause (4) do not exceed $3.0 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over for the next succeeding calendar years subject to a maximum payment (without giving effect to the following proviso) of $6.0 million in any calendar year); *provided, further, however,* that such amount in any calendar year may be increased by an amount not to exceed:

(i) the cash proceeds received by the Company or any of its Restricted Subsidiaries from sales of Capital Stock (other than Disqualified Stock) of the Company to officers, directors, employees, managers or consultants of the Company and any of its Subsidiaries that occur after the Issue Date*; plus*

(ii) the cash proceeds of key man life insurance policies received by the Company or any of its Restricted Subsidiaries after the Issue Date; *less*

(iii) the amount of any Restricted Payments previously made pursuant to subclauses (i) and (ii) of this second proviso of clause (4);

*provided* that the Company may elect to apply all or any portion of the aggregate increase contemplated by subclauses (i) and (ii) above in any calendar year;

Table of Contents

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Capital Stock represents a portion of the exercise price of those stock options, warrants or other convertible or exchangeable securities;

(6) repurchases or withholding of Capital Stock to satisfy any taxes due by (including amounts required to be withheld from) current and former employees of the Company and its Subsidiaries in connection with the exercise, vesting or settlement of equity-based compensation awards, including stock options, warrants, restricted stock, restricted stock units, stock appreciation rights, and other convertible or exchangeable securities;

(7) payments of cash in lieu of issuing fractional shares upon the exercise of options or warrants or the exchange or conversion of any securities, *provided* that such payment shall not be for the purpose of evading the limitations of this covenant (as determined by the Board of Directors of the Company in good faith);

(8) the payment of any dividend by a Restricted Subsidiary of the Company to all holders of its Common Stock on a *pro rata* basis;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Company or any Preferred Stock of any Restricted Subsidiary incurred in accordance with " Limitation on Indebtedness";

(10) to the extent required by the agreement or the certificate of designation, as the case may be, governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Company shall have first complied with the terms described under " Repurchase at the Option of Holders upon a Change of Control," and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; and

(11) so long as no Default or Event of Default shall have occurred and be continuing, Restricted Payments in an aggregate amount not to exceed $5.0 million.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

***Limitation on Indebtedness***

The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided*, *however*, that the Company or any Restricted Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, no Default or Event of Default shall have occurred and be continuing and the Consolidated Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would be at least 2.0 to 1.

The first paragraph of this covenant will not prohibit the Incurrence of any of the following items of Indebtedness (collectively, "Permitted Indebtedness"):

(1) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any time outstanding pursuant to this clause (1) not to exceed (a) the greater of (i) $50.0 million and (ii) an amount equal to 2.0% of Adjusted Total Assets at the time of Incurrence;

Table of Contents

(2) the Incurrence of Existing Indebtedness;

(3) the Incurrence of Indebtedness represented by the Notes issued on the Issue Date and any Additional Notes issued as a result of the exercise by the underwriters of their right to purchase up to $ million aggregate principal amount of Notes within 30 days of the date of this prospectus supplement;

(4) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant, equipment or other assets (including any reasonably related fees or expenses Incurred in connection with such acquisition, construction or improvement) in an aggregate amount, at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (a) $20.0 million and (b) an amount equal to 1.0% of Adjusted Total Assets;

(5) the Incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net cash proceeds of which are used to refund, refinance or replace Indebtedness that was permitted by the Indenture to be Incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (15) of this paragraph;

(6) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness owing to and held by the Company or any other Restricted Subsidiary; *provided*, *however*, that any event that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company (except for any pledge of such Indebtedness until the pledgee commences actions to foreclose on such Indebtedness) will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) (a) a Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of any Restricted Subsidiary, *provided* that such Indebtedness was incurred in accordance with this covenant, and (b) a Guarantee by any Restricted Subsidiary of any Indebtedness of the Company provided that (i) such Indebtedness was incurred in accordance with this covenant and (ii) the Restricted Subsidiary concurrently Guarantees the Notes in accordance with the covenant described below under the caption " Limitation on Subsidiary Guarantees of Indebtedness of the Company";

(8) the Incurrence by the Company or any of its Restricted Subsidiaries of any Hedging Obligation that is Incurred in the ordinary course of business for the purpose of managing risks and returns associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated to be held by the Company or such Restricted Subsidiary, or changes in the value of securities issued by the Company or such Restricted Subsidiary, and not for speculative purposes;

(9) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from agreements providing for indemnification, adjustment of purchase price, earn-outs or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Company or any Restricted Subsidiary pursuant to such agreements, in any case Incurred in connection with the acquisition or disposition of any business, or assets or Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, or assets or Capital Stock of a Subsidiary for the purpose of financing such acquisition); *provided* that the extent to which the maximum liability of the Company and its Restricted Subsidiaries in respect of all

Table of Contents

such Indebtedness in connection with any disposition exceeds the gross proceeds actually received by the Company or any Restricted Subsidiary, including the Fair Market Value of non-cash proceeds, shall not constitute Permitted Indebtedness permitted by this clause (9);

(10) (a) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided*, *however*, that such Indebtedness is extinguished within five Business Days of its Incurrence; and (b) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(11) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness constituting reimbursement obligations with respect to letters of credit issued for their account in the ordinary course of business with respect to trade payables relating to the purchase of property by such Persons and other letters of credit, surety, performance, appeal or similar bonds, banker's acceptances, completion guarantees or similar instruments issued in the ordinary course of business of the Company or any Restricted Subsidiary, including letters of credit or similar instruments pursuant to health, disability and other employee benefits, property, casualty or liability insurance or self-insurance and workers' compensation obligations; *provided* that, in each case, upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within 15 days following such drawing or Incurrence; and *provided*, *further*, that such Indebtedness is not in connection with the borrowing of money or the obtaining of advances;

(12) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness to the extent the net cash proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes as described below under the caption " Legal Defeasance and Covenant Defeasance" or " Satisfaction and Discharge";

(13) Indebtedness consisting of (x) Acquired Indebtedness of any Person and/or (y) Additional Notes or any unsecured debt securities of the Company having a final maturity date no earlier than the final maturity date of the Notes (and no ability on the part of the Company to redeem such debt securities prior to the final maturity date of the Notes), in all cases, incurred by the Company to finance (or refinance within 180 days of the incurrence thereof of any Indebtedness incurred to finance) the acquisition of any assets (including a division or line of business) or all or substantially all of the Capital Stock of a Person; *provided* that, in the case of both clauses (x) and (y), on the date of the Incurrence of such Indebtedness, after giving pro forma effect to the Incurrence thereof and the use of proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would be either (A) at least 2.0 to 1 or (B) equal to or greater than such Consolidated Fixed Charge Coverage Ratio of the Company in effect immediately prior to, and calculated without giving pro forma effect to, the acquisition transaction and the Incurrence of such Indebtedness and the use of proceeds therefrom;

(14) Permitted Funding Debt; and

(15) the Incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (15), not to exceed the greater of (a) $15 million and (b) an amount equal to 1.0% of Adjusted Total Assets at the time of Incurrence.

Table of Contents

For purposes of determining compliance with this covenant, in the event that any proposed Indebtedness meets the criteria of more than one of the categories described in clauses (1) through (15) above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify, and may later reclassify, such item of Indebtedness or a part thereof in any manner that complies with this covenant.

Notwithstanding any other provision of this covenant, (a) the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies and (b) any fluctuations in the value of assets as a result of changes in fair value or mark to market accounting shall not be deemed an Incurrence of Indebtedness for purposes of the Indenture.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. Dollar Equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated by the Company based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced plus accrued interest and the related costs and fees of such refinancing. The Trustee shall not be responsible for obtaining any foreign currency rate or performing any conversions.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

***Limitation on Liens Securing Indebtedness of the Company***

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (other than Permitted Liens) of any kind upon the property or assets of the Company or any Restricted Subsidiary, now owned or hereafter acquired, securing any Indebtedness of the Company unless all obligations of the Company under the Indenture and the Notes are secured by a Lien on such property or assets on an equal and ratable basis with such Indebtedness so secured (or, in the case of Indebtedness subordinated to the Notes, senior in priority thereto, with the same relative priority as the Notes will have with respect to such subordinated Indebtedness) until such time as such Indebtedness is no longer outstanding or secured by a Lien.

***Limitation on Subsidiary Guarantees of Indebtedness of the Company***

The Company shall not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Company (other than the Notes) unless such Restricted Subsidiary executes and delivers to the Trustee a supplemental indenture providing for the Guarantee of the Notes (a "Note Guarantee") by such Restricted Subsidiary, which Note Guarantee will rank equally in right of payment with such Restricted Subsidiary's Guarantee of the Company Indebtedness (unless the Company Indebtedness is subordinated in right of payment to the Notes, in which case the Guarantee of the Indebtedness of the Company shall be subordinated to the Note Guarantee to the same extent as the Indebtedness of the Company is subordinated to the Notes). Any Note Guarantee provided pursuant to this covenant will be automatically released when such Indebtedness of the Company is no longer outstanding or the Guarantee of such Indebtedness of the Company is released or terminated, in each case, other than as a result of a payment thereon by the Restricted Subsidiary.

Table of Contents

***Designation of Restricted and Unrestricted Subsidiaries***

On the Issue Date, all of the Subsidiaries of the Company, except for one Subsidiary described above under " Ranking", shall be Restricted Subsidiaries. The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that at the time of such designation the following conditions are satisfied:

(1) any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of the Subsidiary being so designated will be deemed to be an Incurrence of Indebtedness by the Company or such Restricted Subsidiary, as the case may be, at the time of such designation, and such designation will only be permitted if such Incurrence of Indebtedness would be permitted under the covenant described above under the caption " Limitation on Indebtedness;"

(2) such Subsidiary does not hold any Capital Stock or Indebtedness of, or own or hold any Lien on any property or assets of, or have any Investment in, the Company or any Restricted Subsidiary;

(3) the Subsidiary being so designated has not Guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any Restricted Subsidiary, except to the extent such Guarantee or credit support would be released upon such designation; and

(4) no Default or Event of Default would be in existence following such designation.

Any designation of a Restricted Subsidiary as an Unrestricted Subsidiary will be evidenced by the Company filing with the Trustee the Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in clauses (2) and (3) above, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture, and any Indebtedness or Liens on the property of such Subsidiary will be deemed to be Incurred or made by a Restricted Subsidiary as of such date, and if such Indebtedness or Liens are not permitted to be Incurred or made as of such date under the Indenture, the Company will be in default under the Indenture.

The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that at the time of such designation the following conditions are satisfied:

(1) such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if such Indebtedness is permitted under the covenant described above under the caption " Limitation on Indebtedness;"

(2) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under the caption " Limitation on Liens Securing Indebtedness of the Company;" and

(3) no Default or Event of Default would be in existence following such designation.

***Reports to Holders***

Whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish the Trustee, for delivery to the holders of the Notes upon their written request therefor:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file

Table of Contents

such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries, and providing financial information for the Unrestricted Subsidiaries of the Company separate from the financial information of Company and its Restricted Subsidiaries in a manner that is, at a minimum, consistent with the disclosure relating to the financial information for the Company's Unrestricted Subsidiaries that is included in this prospectus supplement, and, with respect to the annual information only, a report thereon by the Company's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports,

in the case of each of clauses (1) and (2), within 15 days after the Company files the same with the Commission (or if not subject to the periodic reporting requirements of the Exchange Act, within 15 days after it would have been required to file the same with the Commission); *provided* that the delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on officers' certificates).

In addition, whether or not required by the rules and regulations of the Commission, the Company will file a copy of all such information and reports with the Commission for public availability (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. To the extent that the Company files such information and reports with the Commission and such information and reports are publicly available via EDGAR on the Commission's website, then the Company shall not be required to furnish such information and reports to the Trustee for delivery to the holders of the Notes.

***Merger, Consolidation and Sale of Assets***

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and the Company's Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless:

(1) either:

(a) the Company is the surviving or continuing corporation; or

(b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(i) shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia; and

(ii) shall expressly assume, by supplemental indenture (in form and substance reasonably satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the Notes and the performance of every covenant of the Notes and the Indenture on the Company's part to be performed or observed;

Table of Contents

(2) immediately after giving pro forma effect to such transaction and the assumption contemplated by clause (1)(b)(ii) above (including giving pro forma effect to any Indebtedness, including Acquired Indebtedness, incurred or anticipated to be incurred in connection with or in respect of such transaction), the Consolidated Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date of such transaction would be either (a) at least 2.0 to 1 or (b) equal to or greater than such Consolidated Fixed Charge Coverage Ratio of the Company in effect immediately prior to, and calculated without giving pro forma effect to, such transaction;

(3) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(ii) above (including, without limitation, giving effect to any Indebtedness, including Acquired Indebtedness, incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and

(4) the Company or the Surviving Entity shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied;

*provided, however,* that clause (2) above will not apply (i) if, in the good faith determination of the Board of Directors of the Company, whose determination shall be evidenced by a Board Resolution delivered to the Trustee, the principal purpose of such transaction is to change the state of incorporation of the Company, and any such transaction shall not have as one of its purposes the evasion of the foregoing limitations, or (ii) to any consolidation, merger, sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any Restricted Subsidiary.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries the Capital Stock of which constitutes all or substantially all of the Company's properties and assets, shall be deemed to be the transfer of all or substantially all of the Company's properties and assets.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the Company's assets in accordance with the foregoing in which the Company is not the continuing corporation, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such surviving entity had been named as such.

The phrase "all or substantially all" of the assets of the Company will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" of the assets of the Company has occurred.

***Payments for Consent***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Table of Contents

**Amendment, Supplement and Waiver**

Except as provided in the next two succeeding paragraphs, the Indenture or the Notes may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) change the stated maturity of the principal of, or any installment of interest on, any Note;

(3) reduce the principal amount of, or premium, if any, or interest on, any Note;

(4) change the optional redemption price (or the method of calculating the redemption price) of the Notes from those stated above under the caption " Optional Redemption;"

(5) waive a Default or Event of Default in the payment of principal of, or interest, or premium, if any, on, the Notes (except, upon a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes, a waiver of the payment default that resulted from such acceleration) or in respect of any other covenant or provision that cannot be amended or modified without the consent of all holders;

(6) make any Note payable in money other than U.S. dollars;

(7) make any change in the amendment and waiver provisions of the Indenture;

(8) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(9) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or any Note Guarantee; or

(10) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with the covenant described under the caption " Repurchase at the Option of Holders upon a Change of Control" after such Change of Control has occurred, including, in each case, amending, changing or modifying any definition relating thereto.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company and the Trustee may amend or supplement the Indenture or the Notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's obligations to holders of Notes in accordance with the Indenture in the case of a merger or consolidation or sale of all or substantially all of the Company's properties or assets;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not materially, in the good faith determination of the Board of Directors of the Company, adversely affect the legal rights under the Indenture of any such holder;

Table of Contents

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

(6) to comply with the provisions described above under the caption " Certain Covenants Limitation on Subsidiary Guarantees of Indebtedness of the Company;"

(7) to evidence and provide for the acceptance of appointment by a successor Trustee;

(8) to provide for the issuance of Additional Notes in accordance with the Indenture; or

(9) to conform the Indenture or the Notes to this "Description of the Notes" to the extent any provision of the Indenture or the Notes is expressly inconsistent with any provision of this Description of the Notes.

***Events of Default and Remedies***

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any Restricted Subsidiary to make or consummate a Change of Control Offer in accordance with the provisions described above under the caption " Repurchase at the Option of Holders upon a Change of Control" or to comply with the provisions described above under the caption " Certain Covenants Merger, Consolidation or Sale of Assets;"

(4) failure by the Company or any Restricted Subsidiary for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the other covenants or agreements in the Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted Subsidiary) other than Indebtedness owed to the Company or any of its Restricted Subsidiaries, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to make any payment of principal or interest when due at the stated maturity thereof (giving effect to any applicable grace periods and any extensions thereof) of such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the amount of any such Indebtedness, together with the amount of any other such Indebtedness that is then subject to a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments (to the extent such judgments are not paid or covered by insurance provided by a reputable carrier) aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the Indenture, any Note Guarantee will be held in any judicial proceeding to be unenforceable or invalid or will cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, will deny or disaffirm its obligations under its Note Guarantee; and

Table of Contents

(8) certain events of bankruptcy or insolvency with respect to the Company or any Restricted Subsidiary that is a Significant Subsidiary of the Company (or any Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company).

In the case of an Event of Default described in clause (8) above, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of premium, interest or the principal of, the Notes or a Default or Event of Default in respect of a provision that under the Indenture cannot be amended without the consent of each affected holder, and may rescind any related acceleration of the Notes if such rescission would not conflict with any judgment or decree of any court of competent jurisdiction and other conditions set forth in the Indenture are satisfied. The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders of Notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of Notes. A holder may not pursue any remedy with respect to the Indenture or the Notes unless:

(1) the holder gives the Trustee written notice of a continuing Event of Default;

(2) the holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such holder or holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any holder of a Note to receive payment of the principal of, premium or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the holder.

The Company is required to deliver to the Trustee annually within 120 days after the end of each fiscal year a statement regarding compliance with the Indenture. Within 10 business days after the occurrence of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

Table of Contents

**Legal Defeasance and Covenant Defeasance**

The Indenture will provide that, at its option, the Company:

will be discharged from any and all obligations in respect of the Notes, except for certain obligations set forth in the Indenture that survive such discharge ("legal defeasance"); or

may terminate their obligations under certain restrictive covenants of the Indenture, and the occurrence of an event described in clause (3), (4) or (7) under " Events of Default" with respect to any such covenants or in clause (5), (6) or (8) (other than in the case of clause (8) with respect to the Company) under " Events of Default" will no longer be an event of default ("covenant defeasance");

in each case, if

(1) the Company irrevocably deposits with the Trustee, in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the Notes, (i) cash in U.S. dollars, (ii) non-callable U.S. government securities or (iii) a combination thereof, in each case in an amount sufficient, in the opinion of a nationally-recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay when due the principal, premium, if any, and interest to maturity or to the redemption date, as the case may be, with respect to the Notes then outstanding, and any mandatory sinking fund payments or similar payments or payment pursuant to any call for redemption applicable to the Notes on the day on which such payments are due and payable in accordance with the terms of the Indenture and the Notes;

(2) no Default or Event of Default shall have occurred and be continuing on the date of the deposit or insofar as an Event of Default resulting from certain events involving our bankruptcy or insolvency are concerned, at any time during the period ending on the 91st day after the date of the deposit or, if longer, ending on the day following the expiration date of the longest preference period applicable to the Company in respect of the deposit (and this condition will not be deemed satisfied until the expiration of such period);

(3) the defeasance will not cause the Trustee to have any conflicting interest with respect to any of securities of the Company or result in the trust arising from the deposit to constitute, unless it is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended;

(4) no Default or Event of Default under the Indenture with respect to the Notes shall have occurred and be continuing (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company or any Significant Subsidiary is a party or by which the Company or any Significant Subsidiary is bound;

(5) the Company shall have delivered an opinion of counsel to the effect that the holders will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax in the same manner as if the defeasance had not occurred, which opinion of counsel, in the case of legal defeasance, must refer to and be based upon a published ruling of the Internal Revenue Service, a private ruling of the Internal Revenue Service addressed to us, or otherwise a change in applicable federal income tax law occurring after the date of the Indenture; and

Table of Contents

(6) the Company shall have delivered an officers' certificate and an opinion of counsel stating that the conditions to such defeasance set forth in the Indenture have been complied with.

If the Company fails to comply with its remaining obligations under the Indenture after a covenant defeasance with respect to the Notes and the Notes are declared due and payable because of the occurrence of any Event of Default, the amount of money and government obligations on deposit with the Trustee may be insufficient to pay amounts due on the Notes at the time of the acceleration resulting from the Event of Default. We will, however, remain liable for those payments.

**Satisfaction and Discharge**

With respect to the Notes, the Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either (a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation or (b) all of the Notes (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) if redeemable at the Company's option, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company shall have irrevocably deposited or caused to be deposited with the Trustee lawful money, direct or guaranteed government obligations, or a combination thereof, of the nature and in the amounts described above under the caption " Legal Defeasance and Covenant Defeasance" in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from us directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) no Default or Event of Default under the Indenture with respect to the Notes shall have occurred and be continuing (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company or any Significant Subsidiary is a party or by which the Company or any Significant Subsidiary is bound;

(3) the Company shall have paid all other sums payable under the Indenture in respect of the Notes; and

(4) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture with respect to the Notes have been complied with.

**No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator, stockholder, member, manager or partner of the Company, as such, will have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Table of Contents

**Concerning the Trustee**

If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture and the Trust Indenture Act limit its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Indenture provides that in case an Event of Default will occur and be continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder will have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

**Book-Entry System; Delivery and Form**

The Notes will be issued only in book-entry form through the facilities of The Depository Trust Company (the "Depositary") and will be in denominations of $25 and integral multiples of $25 in excess thereof. The Notes will be represented by a Global Security (the "Global Security") and will be registered in the name of a nominee of the Depositary.

The Depositary has advised the Company that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. The Depositary holds securities that its participants deposit with the Depositary. The Depositary also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in its participants' accounts, thereby eliminating the need for physical movement of securities. The Depositary's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations, and certain other organizations. The Depositary is owned by The Depository Trust & Clearing Corporation, which is owned by the users of its regulated subsidiaries. Access to the Depositary's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not participants may beneficially own securities held by the Depositary only through participants. The rules applicable to the Depositary and its participants are on file with the SEC.

Upon the issuance of the Global Security, the Depositary will credit its participants' accounts on its book-entry registration and transfer system with their respective principal amounts of the Notes represented by such Global Security. The underwriters will designate which participants' accounts will be credited. The only persons who may own beneficial interests in the Global Security will be the Depositary's participants or persons that hold interests through such participants. Ownership of beneficial interests in such Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depositary or its nominee (with respect to interests of its participants), and on the records of its participants (with respect to interests of persons other than such participants). The laws of some jurisdictions may require that some purchasers of securities take physical delivery of those securities in definitive form. These limits and laws may impair your ability to pledge your interest in the Notes.

So long as the Depositary or its nominee is the registered owner of the Global Security, the Depositary or its nominee will be considered the sole owner or holder of the Notes represented by such Global Security for all purposes under the Notes and the Indenture. Except as provided below or

Table of Contents

as the Company may otherwise agree in its sole discretion, owners of beneficial interests in a Global Security will not be entitled to have Notes represented by the Global Security registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders thereof under the Indenture. Accordingly, each person owning a beneficial interest in the Global Security must rely on the procedures of the Depositary and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the Indenture.

Principal and interest payments on Notes registered in the name of the Depositary or its nominee will be made to the Depositary or its nominee, as the case may be, as the registered owner of the Global Security representing such Notes. None of the Company, the Trustee, any paying agent or the registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in such Global Security for such Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that the Depositary for the Notes or its nominee, upon receipt of any payment of principal or interest, will credit immediately its participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security for such Notes as shown on the records of the Depositary or its nominee. We also expect that payments by such participants to owners of beneficial interests in such Global Security held through such participants will be governed by standing instructions and customary practices. Thes