BROADPOINT GLEACHER SECURITIES GROUP, INC.
Form DEF 14A
April 26, 2010

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SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant **þ**

Filed by a Party other than the Registrant **o**

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 240.14a-12

Broadpoint Gleacher Securities Group, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Broadpoint Gleacher Securities Group, Inc.
1290 Avenue of the Americas
New York, NY 10104

April 26, 2010

Dear Shareholder:

You are cordially invited to attend the 2010 annual meeting of shareholders (the Annual Meeting) of Broadpoint Gleacher Securities Group, Inc. (the Company) to be held at 10:00 a.m., local time, on May 27, 2010 at our new principal offices located at 1290 Avenue of the Americas, New York, NY 10104. Enclosed are the proxy materials for the Annual Meeting. Please read those materials carefully.

At the Annual Meeting, you will be asked (1) to elect three Class III directors and one Class II director to the Board of Directors; (2) to consider and act upon a proposal to reincorporate the Company in Delaware; (3) to consider and act upon a proposal to amend the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes; (4) to consider and act upon a proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc. ; and (5) to ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010. The Board of Directors unanimously recommends a vote FOR each of these proposals.

All holders of record of our outstanding shares of common stock at the close of business on April 14, 2010 are entitled to notice of and to vote at the Annual Meeting. A list of shareholders entitled to vote will be available for examination at the meeting.

Your participation in the Annual Meeting, in person or by proxy, is important. Whether or not you plan to attend the Annual Meeting in person, we urge you to complete, sign, date and return the enclosed proxy card promptly in the accompanying postage-paid envelope. In addition to using the traditional proxy card, most shareholders also have the choice of voting over the Internet or by telephone.

We look forward to seeing those of you who will be able to attend the meeting.

Sincerely yours,

Eric J. Gleacher
Chairman of the Board and
Chief Executive Officer

Peter J. McNierney
President and
Chief Operating Officer

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Broadpoint Gleacher Securities Group, Inc.
1290 Avenue of the Americas
New York, NY 10104

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 27, 2010

NOTICE IS HEREBY GIVEN that the 2010 annual meeting of the shareholders (the Annual Meeting) of Broadpoint Gleacher Securities Group, Inc. (the Company) will be held at the offices of the Company, 1290 Avenue of the Americas, New York, NY 10104, on May 27, 2010 at 10:00 a.m., local time, for the following purposes:

(1) To elect three Class III directors and one Class II director to the Board of Directors;

(2) To consider and act upon a proposal to reincorporate the Company in Delaware;

(3) To consider and act upon a proposal to amend the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes;

(4) To consider and act upon a proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc. ;

(5) To consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010; and

(6) To consider and act upon such other business as may properly come before the meeting or any adjournment thereof.

We ask that you give these matters your careful attention.

The Broadpoint Gleacher Securities Group, Inc. Board of Directors unanimously recommends that the shareholders vote (1) FOR the election of the four persons named as nominees under Election of Directors ; (2) FOR the reincorporation of the Company in Delaware; (3) FOR the amendment to the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes; (4) FOR the amendment of the Company s Certificate of Incorporation to change the name of the Company; and (5) FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

Your participation in the Annual Meeting, in person or by proxy, is important. For the election of directors, the four nominees receiving the most FOR votes from the shares present and entitled to vote at the Annual Meeting, either in

person or by proxy, will be elected. For Proposal No. 2 to be approved, it must receive FOR votes constituting two-thirds of all outstanding shares of our common stock entitled to vote thereon. For Proposal No. 3 to be approved, it must receive FOR votes constituting at least 80% of the outstanding voting stock entitled to vote thereon. For Proposal No. 4 to be approved, it must receive FOR votes constituting a majority of our common stock outstanding and entitled to vote thereon at the Annual Meeting. For Proposal No. 5 to be approved, it must receive FOR votes constituting a majority of the votes cast at the Annual Meeting with respect to shares entitled to vote thereon.

Holders of common stock of record as of the close of business on April 14, 2010 are entitled to receive notice of and vote at the Annual Meeting. A list of such shareholders may be examined at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials: The Proxy Statement and the Proxy Card relating to the Annual Meeting and the Company s 2010 Annual Report, and any amendments to the

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foregoing materials that are required to be furnished to shareholders, are available for you to review online at www.bpsg.com under the heading Investor Relations Proxy.

Pursuant to recent amendments to the New York Stock Exchange rules, if you hold your shares in street name, beginning this year brokers will not have discretion to vote your shares on the election of directors. Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of important matters submitted to the shareholders at the Annual Meeting, including the election of directors. We encourage you to provide voting instructions to your brokers if you hold your shares in street name so that your voice is heard in these important matters.

We hope that you are planning to attend the Annual Meeting personally, and we look forward to seeing you there. Whether or not you are able to attend in person, it is important that your shares be represented at the Annual Meeting. For that reason we ask that you promptly sign, date, and mail the enclosed proxy card in the return envelope provided. In addition to using the traditional proxy card, most shareholders also have the choice of voting over the Internet or by telephone. Please refer to your proxy materials or the information forwarded by your bank, broker or other holder of record to see which voting methods are available to you. Shareholders who attend the Annual Meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors,

Patricia A. Arciero-Craig
Secretary

New York, New York
April 26, 2010

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Broadpoint Gleacher Securities Group, Inc.
1290 Avenue of the Americas
New York, NY 10104

ANNUAL MEETING OF SHAREHOLDERS
PROXY STATEMENT

Annual Meeting of Shareholders
May 27, 2010

This Proxy Statement is being furnished to the shareholders of Broadpoint Gleacher Securities Group, Inc. (the Company) in connection with the solicitation by the Board of Directors of proxies for use at the 2010 annual meeting of shareholders (the Annual Meeting) to be held at the Company s offices, located at 1290 Avenue of the Americas, New York, NY 10104 on May 27, 2010 at 10:00 a.m., local time, and any postponements or adjournments thereof. The mailing address of the Company s principal offices is 1290 Avenue of the Americas, New York, NY 10104. The telephone number at that address is (212) 273-7100.

At the Annual Meeting, the shareholders of the Company will be asked: (1) to elect the four persons named as nominees under Election of Directors ; (2) to consider and act upon a proposal to reincorporate the Company in Delaware; (3) to consider and act upon a proposal to amend the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes; (4) to consider and act upon a proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc.; and (5) to consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

Proxy Solicitation

This Proxy Statement and the enclosed form of proxy are expected to be mailed on or about April 26, 2010. In addition to these mailed proxy materials, our directors, officers and other employees may also solicit proxies in person, by telephone or by other means of communication. The Company will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record by such persons.

The distribution and solicitation of proxy materials will also be supplemented through the services of MacKenzie Partners, Inc., a proxy solicitation firm.

Voting by Proxy, Internet or Telephone

Shareholders who cannot attend the Annual Meeting in person can be represented by proxy. To vote by proxy, shareholders may complete the proxy card in the form enclosed and mail it in the envelope provided. Most shareholders also have a choice of voting over the Internet or by using a toll-free telephone number. Please refer to your proxy card or the information forwarded by your bank, broker or other nominee to see which options are available to you.

A proxy may be revoked at any time before it is exercised by giving notice of revocation to the Company s Corporate Secretary, by executing a later-dated proxy, by voting over the Internet or by telephone or by attending and voting in person at the Annual Meeting. The execution of a proxy will not affect a shareholder s right to attend the Annual Meeting and vote in person, but attendance at the Annual Meeting will not, by itself, revoke a proxy. Proxies properly completed and received prior to the Annual Meeting and not revoked will be voted at the Annual Meeting.

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Voting, Record Date and Quorum

Proxies will be voted as specified or, if no direction is indicated on a proxy, will be voted (1) FOR the election of the four persons named as nominees under Election of Directors ; (2) FOR the reincorporation of the Company in Delaware; (3) FOR the amendment to the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes; (4) FOR the amendment to the Company s Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc.; and (5) FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

As to any other matter or business which may be brought before the Annual Meeting, including any adjournment(s) or postponement(s), a vote may be cast pursuant to the proxy in accordance with the judgment of the person or persons voting the same. As of the date hereof, the Board does not know of any such other matter or business.

The Board has fixed the close of business on April 14, 2010 as the record date for the determination of shareholders entitled to vote at the Annual Meeting. As of that date, 128,294,480 shares of common stock were outstanding. Each shareholder will be entitled to cast one vote, in person or by proxy, for each share of common stock held. There are no other shares of outstanding stock of the Company conferring voting rights on the matters to be taken up at the Annual Meeting. The presence, in person or by proxy, of the holders of at least a majority of the shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes (as described below) and votes to withhold authority may be counted in determining whether a quorum has been reached on a particular matter. Votes to withhold authority are treated the same as abstentions for purposes of the voting requirements described below.

If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to certain matters, including the election of directors. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval.

The proposals submitted for your consideration and action at the Annual Meeting each require different percentages of votes in order to be approved:

For the election of directors, the four nominees receiving the most FOR votes from the shares present and entitled to vote at the Annual Meeting, either in person or by proxy, will be elected. Abstentions and broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and will have no effect on the outcome of this proposal.

To be approved, Proposal No. 2 must receive FOR votes constituting two-thirds of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote.

To be approved, Proposal No. 3 must receive FOR votes constituting 80% of all outstanding shares of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote.

To be approved, Proposal No. 4 must receive FOR votes constituting a majority of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote for such purpose.

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To be approved, Proposal No. 5 must receive FOR votes constituting a majority of votes cast at the Annual Meeting. Abstentions and broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and will have no effect on the voting of this proposal.

The Board unanimously recommends that the shareholders vote (1) FOR the election of the four persons named as nominees under Election of Directors ; (2) FOR the reincorporation of the Company in Delaware; (3) FOR the amendment to the Company s Certificate of Incorporation to eliminate the classified structure of the Board of Directors and to make related technical changes; (4) FOR the amendment to the Company s Certificate of Incorporation to change the name of the Company; and (5) FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

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QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

The following are some questions that you, as a shareholder of the Company, may have regarding the matters being considered at the Annual Meeting and the answers to those questions. We urge you to read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the matters being considered at the Annual Meeting.

As used in this Proxy Statement, the terms we, our, and us refer to the Company and its subsidiaries.

Why am I receiving these materials?

We sent you this Proxy Statement and the enclosed proxy card because the board of directors (the Board or Board of Directors) of the Company is soliciting your proxy to vote at our Annual Meeting to be held on May 27, 2010. You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card. Telephone and Internet voting is also available for most shareholders.

We intend to mail this Proxy Statement and accompanying proxy card on or about April 26, 2010 to all shareholders of record entitled to vote at the Annual Meeting.

What am I voting on?

There are five matters scheduled for a vote at the Annual Meeting:

(1) To elect three Class III directors and one Class II director to the Board of Directors;

(2) To consider and act upon a proposal to reincorporate the Company in Delaware;

(3) To consider and act upon a proposal to amend the Company s Certificate of Incorporation to eliminate the classified structure of the Company s Board of Directors and to make related technical changes;

(4) To consider and act upon a proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc. ; and

(5) To consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

Any other matters that properly come before the meeting and any adjournment thereof will also be considered and acted upon.

Who can vote at the Annual Meeting?

Only shareholders of record at the close of business on April 14, 2010 will be entitled to vote at the Annual Meeting.

Shareholder of Record: Shares Registered in Your Name

If, at the close of business on April 14, 2010, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If, at the close of business on April 14, 2010, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization and you are not a shareholder of record, then you are the beneficial owner of shares registered in the name of such organization as your nominee or street name, and these

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proxy materials are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting your shares at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other nominee as to how to vote the shares in your account.

You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you will not be able to vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

How do I vote?

For each of the matters to be voted on, you may vote FOR or AGAINST or abstain from voting. The procedures for voting are as follows:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote in person at the Annual Meeting or vote by proxy, or, in most cases, over the Internet or by telephone. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

To vote by proxy, you may complete the proxy card in the form enclosed and mail it in the envelope provided. Most shareholders also have a choice of voting over the Internet or using a toll-free telephone number. Please refer to your proxy card to see which options are available to you.

To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

If you have any questions or need assistance with voting your shares, please contact American Stock Transfer & Trust Company, LLC at (800) 776-9437.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than directly from us.

To vote by proxy, you may complete the proxy card in the form enclosed and mail it in the envelope provided. Most shareholders also have a choice of voting over the Internet or using a toll-free telephone number. Please refer to your proxy card or the information forwarded by your bank, broker or other nominee to see which options are available to you.

To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials or contact your broker or bank to request a proxy form.

Please note that pursuant to recent amendments to the New York Stock Exchange (NYSE) rules, beginning this year brokers will not have discretion to vote your shares on the election of directors. Consequently, it is even more important that you ensure that your voice is heard by completing and returning the proxy card.

If you have any questions or need assistance with voting your shares, please contact MacKenzie Partners, Inc., the firm assisting us in this solicitation, toll-free at (800) 322-2885.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of April 14, 2010.

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What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted (1) FOR the election of the four persons named as nominees under Election of Directors ; (2) FOR the reincorporation of the Company in Delaware; (3) FOR the amendment of the Certificate of Incorporation and the Bylaws to eliminate the classified structure of the Company s Board of Directors and to make related technical changes; (4) FOR the amendment of the Certificate of Incorporation to change the name of the Company; and (5) FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. You may revoke your proxy in any one of four ways:

You may submit another properly completed proxy card with a later date.

For most shareholders, you may vote by Internet or telephone.

You may send a written notice that you are revoking your proxy to Broadpoint Gleacher Securities Group, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary.

You may attend the Annual Meeting and vote in person, to the extent you are eligible. Simply attending the meeting will not, by itself, revoke your proxy.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count FOR and AGAINST votes, abstentions and broker non-votes. Except as to Proposal No. 1, abstentions will be counted towards a quorum and the vote total for each proposal and will have the same effect as AGAINST votes. Abstentions will not be treated as votes cast with respect to Proposal No. 1 and consequently will have no effect on the voting of this proposal. Broker non-votes may be counted toward a quorum and, depending on the proposal, either will have the same effect as an AGAINST vote on the proposal or will have no effect. Please see the more detailed description of the effect of broker non-votes on specific proposals in the answer to How many votes are needed to approve each proposal? below.

If your shares are held by your broker as your nominee (that is, in street name) and you do not give instructions as to how to vote your shares, your broker can vote your shares with respect to discretionary items but not with respect to non-discretionary items. Discretionary items are proposals considered routine and on which your broker may vote shares held in street name in the absence of your voting instructions. **Pursuant to recent amendments to the NYSE rules, beginning this year brokers no longer have discretion to vote your shares on the election of directors.** Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of the election of the four director nominees at the annual meeting.

How many votes are needed to approve each proposal?

For the election of directors, the four nominees receiving the most FOR votes from the shares present and entitled to vote at the Annual Meeting, either in person or by proxy, will be elected. Abstentions will be counted for purposes of determining whether a quorum is present but will not be treated as votes cast at the Annual Meeting for such purpose. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and will have no effect on the voting of this proposal.

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To be approved, Proposal No. 2 must receive FOR votes constituting two-thirds of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote.

To be approved, Proposal No. 3 must receive FOR votes constituting 80% of all outstanding shares of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote.

To be approved, Proposal No. 4 must receive FOR votes constituting a majority of our common stock outstanding and entitled to vote thereon at the Annual Meeting. If you abstain from voting, it will have the same effect as an AGAINST vote. Broker non-votes will not be treated as votes cast at the Annual Meeting for such purpose and, consequently, will have the same effect as an AGAINST vote for such purpose.

To be approved, Proposal No. 5 must receive FOR votes constituting a majority of votes cast at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present but will not be treated as votes cast at the Annual Meeting for such purpose and consequently will have no effect on the voting of this proposal.

Internet and telephone votes count towards the quorum and towards the various proposals in the matter voted. **Note that to be counted, Internet and telephone votes must be cast by 11:59 p.m. EDT on the day before the Annual Meeting.**

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the shares outstanding and entitled to vote as of the record date are represented by shareholders present at the meeting or by proxy. On April 14, 2010, the record date, there were 128,294,480 shares outstanding and entitled to vote. As a result, 64,147,241 of these shares must be represented by shareholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum if you submit a valid proxy vote or vote by Internet or telephone or at the meeting. Abstentions and broker non-votes may also be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting, and if final voting results are available within four days of the Annual Meeting, the results will be announced on a Form 8-K. If final voting results are not available within four days of the Annual Meeting, preliminary voting results will be announced in a press release and current report on Form 8-K and final voting results will be announced when available in an amended report on Form 8-K.

Who is paying for this proxy solicitation?

All expenses of the Company in connection with this solicitation of proxies will be borne by the Company. In addition to these mailed proxy materials, our directors, officers and other employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers and other employees will not be paid any

additional compensation for soliciting proxies. The Company will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record by such persons and will reimburse such persons and the Company s transfer agent for their reasonable out-of-pocket expenses in forwarding such materials to beneficial owners, but these individuals will receive no additional compensation for these solicitation services.

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The distribution and solicitation of proxy materials will also be supplemented through the services of MacKenzie Partners, Inc., a proxy solicitation firm. MacKenzie Partners, Inc. will receive a customary fee, which we estimate will be approximately $12,500, plus certain other fees for related services and reasonable out-of-pocket expenses.

IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE WITH VOTING YOUR SHARES, PLEASE CALL MACKENZIE PARTNERS, INC. TOLL-FREE AT (800) 322-2885.

When are shareholder proposals due for next year s annual meeting?

For a shareholder proposal to be included in our proxy statement and form of proxy for the 2011 annual meeting of shareholders, such shareholder proposal must be submitted in writing to the Company at 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary. In general, we must receive the proposal between February 26, 2011 and March 18, 2011, which is not more than 90 days but not less than 70 days prior to the first anniversary of the Annual Meeting. However, if Proposal No. 2 is passed, we must receive the proposal between January 27, 2011 and February 26, 2011. Shareholders are advised to review our Bylaws, which contain additional requirements with respect to advance notice of shareholder proposals and director nominations. Our current Bylaws are available through the SEC s website, www.sec.gov, or upon written request to Broadpoint Gleacher Securities Group, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attn: Corporate Secretary.

Can I obtain copies of the proxy materials online?

The Company s proxy materials, including this Proxy Statement and the Proxy Card, as well as the Company s 2010 Annual Report, which takes the form of the Company s Annual Report on Form 10-K for the year ended December 31, 2009, and any amendments to the foregoing materials that are required to be furnished to shareholders, are available for you to review online at www.bpsg.com under the heading Investor Relations Proxy.

How can I obtain directions to the Annual Meeting site?

For directions to the Annual Meeting site, please visit our website at www.bpsg.com under the heading Investor Relations Proxy.

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DISCUSSION OF PROPOSALS

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Introduction

Four nominees for director are to be elected as directors at the Annual Meeting, three of which are being elected as Class III directors and one of which is being elected as a Class II director. The Class III nominees are Mr. Peter J. McNierney, Dr. Henry Bienen and Mr. Bruce Rohde, who was appointed to the Board in 2009. The term of the Class III directors will expire at the annual meeting of shareholders in 2013. The Class II nominee is Mr. Marshall Cohen, who was appointed to the Board in 2009. The term of the Class II director will expire at the annual meeting of shareholders in 2012. The terms of Mr. Victor Mandel and Mr. Frank S. Plimpton, both Class III directors, expire at this Annual Meeting, and they will not continue as directors thereafter. Note that if Proposal No. 3 is approved by the shareholders, our Board will no longer be classified, and directors elected at this meeting, as well as those with continuing terms, will have only a one-year term expiring at our 2011 Annual Meeting of Shareholders. The Board has nominated each of the nominees for election as directors and recommends that shareholders vote FOR the election of these nominees.

If the enclosed proxy card is duly executed and received in time for the Annual Meeting, and if no contrary specification is made as provided therein, it will be voted in favor of the election of the persons nominated as directors by the Board.

Each of the nominees has consented to serve as a director if elected. Should any nominee for director become unable or unwilling to accept election, proxies will be voted for a nominee selected by the Board, or the size of the Board may be reduced accordingly. The Board does not believe that any of the nominees will be unable or unwilling to serve if elected to office. Any vacancy occurring during the term of office of any director may be filled by the remaining directors for a term expiring at the next meeting of shareholders at which the election of directors is in the regular order of business. Other than Dr. Bienen, each of the nominees is presently a director of the Company.

Set forth below is certain information furnished to the Company by the director nominees and by each of the incumbent directors.

Directors and Director Nominee of the Company

The persons nominated for election as Class III directors, with a term expiring at the annual meeting of shareholders in 2013, are as follows:

PETER J. MCNIERNEY, age 44, is President and Chief Operating Officer of the Company and Chief Executive Officer of Broadpoint Capital, Inc. He joined Broadpoint Capital, Inc. in 2002 as the Director of Investment Banking, and served as President and Chief Executive Officer of the Company and Broadpoint Capital, Inc. from June 2006 until September 2007. Mr. McNierney has been a director of the Company since June 2006. Prior to joining Broadpoint Capital, Inc., Mr. McNierney was a Managing Director of the Healthcare and Communications Services groups at the investment bank Robertson Stephens & Company. Prior to that, Mr. McNierney was a Vice President in

the Healthcare Group at Smith Barney, Harris, Upham & Co, Inc. Mr. McNierney received a BA and a JD/MBA from the University of Texas at Austin. During his tenure at the Company, Mr. McNierney has been integral to the growth of the investment banking practice. In addition, he has strengthened the Company s corporate client relationships, enhanced the firm s execution capabilities and played an integral role in the continued development and transformation of the Company by playing a key role in the design and execution of the Company s strategic plan. Mr. McNierney has been nominated as a director because of his financial and business development skills, his knowledge of the industry and his commitment to and understanding of the Company s value proposition as a whole.

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HENRY S. BIENEN, age 70, is Vice Chairman of Rasmussen College and President Emeritus of Northwestern University. From 1995 to 2009, Dr. Bienen served as the President of Northwestern University, where he was one of the first three presidents awarded the Carnegie Corporation s award for academic leadership. Prior to becoming president of Northwestern, Dr. Bienen served as dean of the Woodrow Wilson School of Public and International Affairs at Princeton University. While at Princeton, he was named the William Stewart Tod Professor of Public and International Affairs in 1969 and the James S. McDonnell Distinguished University Professor in 1986. Dr. Bienen is a member of the board of directors of the Council on Foreign Relations, serving on the executive committee and chairing the nominating and governance committee, as well as the board of directors of the Chicago Council on Global Affairs and serves on its executive committee. In addition, Dr. Bienen serves as chairman of the United Football League s board of directors, chairman of the Ithaka Harbors board of trustees and serves on the board of Onconova Therapeutics. In the past, Dr. Bienen has served as chair of the executive committee of the Association of American Universities. He is a member of the Knight Commission on Intercollegiate Athletics as well as the American Political Science Association, for which he also serves as a member of the investment committee. Dr. Bienen previously served on the boards of directors of The Bear Stearns Companies Inc. until its purchase by JP Morgan Chase & Co. in 2008, and SPSS Inc. from 2007 until 2009 when the company was sold to IBM Corporation. Dr. Bienen received a bachelor s degree with honors from Cornell University and a master s degree and Ph.D., both from the University of Chicago. Dr. Bienen has been nominated by the Board of Directors at the recommendation of the Committee on Directors and Corporate Governance. He was recommended as a director because of his extensive career running or overseeing large organizations and experience and relationships in the international arena, which will provide a fresh perspective to our Board discussions and decisions and assist us in international initiatives. In addition, his extensive experience as a member of the boards of directors of various institutions has given him broad exposure to the various issues boards face and facilitates his contribution to oversight in these areas.

BRUCE ROHDE, age 61, has been a director of the Company since July 2009. He is the Chair of the Committee on Directors and Corporate Governance and a member of the Audit Committee and Executive Compensation Committee. He has served in multiple roles with ConAgra Foods, Inc. since 1984, including General Counsel, President, Vice Chairman, Chairman and Chief Executive Officer, and retired from that role as Chairman and CEO Emeritus. Mr. Rohde is the Managing Partner of Romar Capital Group and of counsel to Jones, Jones, Vines & Hunkins. Mr. Rohde holds two degrees from Creighton University, a Bachelor of Science degree in Business Administration, and a Juris Doctor, *cum laude*. He also serves as Vice Chairman of Creighton University Board of Directors, on Harvard University s Private and Public, Scientific, Academic and Consumer Food Policy Committee, as a Presidential Appointee to the National Infrastructure Advisory Council and a director of Preventive Medicine Research Institute. Mr. Rohde holds many court admissions and also holds a certified public accountant certificate. We believe Mr. Rohde s qualifications to sit on our board of directors include his independence, background in law, finance, accounting and operational and capital management. In addition, his history of senior executive leadership at ConAgra, a large public company, and his membership on the boards of other public companies has resulted in Mr. Rohde s significant contributions to the Board.

The Board recommends a vote FOR the Class III director nominees.

The person nominated for election as a Class II director, with a term expiring at the annual meeting of shareholders in 2012, is as follows:

MARSHALL COHEN, age 74, has been a director since July 2009. He currently is a member of the Executive Compensation Committee and the Board s Committee on Directors and Corporate Governance. He is counsel at Cassels, Brock & Blackwell LLP, Barristers and Solicitors, a full service law firm in Toronto, which he joined in 1996. Mr. Cohen was President and Chief Executive Officer of The Molson Companies Ltd. from 1988 through 1996. Prior to that, he was a senior official with the Government of Canada for 15 years, holding various appointments including Deputy Minister of Energy, Industry Trade & Commerce, and Finance. Mr. Cohen serves on the Boards of

Directors of Barrick Gold Corporation, TD Ameritrade and TriMas Corporation. During the past 5 years, Mr. Cohen has also served

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on the boards of Toronto Dominion Bank, Collins & Aikman, Inc., Metaldyne Inc., American International Group, Inc., Premcor, Inc. and Lafarge Corporation NA, Inc. In addition, Mr. Cohen recently retired as Chairman of the Board of Governors of York University and is an honorary director or governor of a number of non-profit organizations, including the C.D. Howe Institute and Mount Sinai Hospital. Mr. Cohen is an Officer of the Order of Canada. Mr. Cohen brings valuable legal, financial, operational, strategic and compliance-based expertise to our Board with his past experience as the chief executive officer of a large Canadian public company with international operations. In addition, his independence and experience serving on the boards of other public companies has enhanced the Board s ability to lead the Company.

The Board recommends a vote FOR the Class II director nominee.

The persons serving as Class II directors with terms expiring at the annual meeting of shareholders in 2012 are as follows:

ERIC J. GLEACHER, age 69, was elected Chairman of the Board in 2009 in connection with the Company s acquisition of Gleacher Partners, Inc., and was elected Chief Executive Officer in February, 2010. Mr. Gleacher was the founder of Gleacher Partners in 1990 and acted as its Chairman. Previously, Mr. Gleacher founded the Mergers & Acquisitions department at Lehman Brothers Holdings Inc. in 1978 and headed Global Mergers & Acquisitions at Morgan Stanley & Co. Inc. from 1985 to 1990. Mr. Gleacher is Chairman of the Institute for Sports Medicine Research at the Hospital for Special Surgery in New York, Chairman of the Ransome Scholarship Trust for St. Andrews University in St. Andrews, Scotland, and a member of the Board of Trustees of Northwestern University. Mr. Gleacher received an MBA from The University of Chicago Booth School of Business and a BA from Northwestern University and served as a U.S. Marine infantry officer in the 1960s. The Board elected Mr. Gleacher as Chairman of the Board in recognition of his experience and knowledge base in the Company s newly expanded investment banking and M&A capabilities as a result of the acquisition of Gleacher Partners Inc., as well as his experience and proven success as an entrepreneur and founder of Gleacher Partners LLC, the Mergers & Acquisitions department at Lehman Brothers and the head of Global Mergers & Acquisitions at Morgan Stanley. Mr. Gleacher s qualifications have brought to the leadership of the Company both breadth and depth of his expertise and understanding of the markets in which the Company operates, which the Board determined to be particularly important in the increasingly complex business and market conditions of the financial sector.

CHRISTOPHER R. PECHOCK, age 45, became a director of the Company following the completion of the Company s private placement with MatlinPatterson in September 2007. He has been a partner at MatlinPatterson Global Advisors LLC since its inception in July 2002. Mr. Pechock has been active in the securities markets for over 17 years. Prior to July 2002, Mr. Pechock was a member of Credit Suisse s Distressed Group, which he joined in 1999. Before joining Credit Suisse, Mr. Pechock was a Portfolio Manager and Research Analyst at Turnberry Capital Management, L.P. (1997-1999), a Portfolio Manager at Eos Partners, L.P. (1996-1997), a Vice President and high yield analyst at PaineWebber Inc. (1993-1996) and an analyst in risk arbitrage at Wortheim Schroder & Co., Incorporated (1987-1991). Mr. Pechock holds an MBA from Columbia University Graduate School of Business (1993) and a BA in Economics from the University of Pennsylvania (1987). Mr. Pechock serves on the Boards of Goss International, Renewable Biofuels Inc., XL Health Corporation, Leprechaun Holding Company LLC and Foamex Innovations, Inc. He previously served on the Boards of COMSYS IT, Compass Aerospace and Huntsman Corporation. Mr. Pechock has brought to our Board his experience as a partner of MatlinPatterson Global Advisors LLC and expertise in the securities markets and continues to provide key insight to the Board. Furthermore, given Mr. Pechock s relationship with MatlinPatterson, the Board believes that his interests will be closely aligned to those of the Company s shareholders.

The persons serving as Class I directors with terms expiring at the annual meeting of shareholders in 2011 are as follows:

ROBERT A. GERARD, age 65, has been a director of the Company since April 2009. Mr. Gerard is Chair of the Executive Compensation Committee and a member of the Audit Committee and

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Committee on Directors and Corporate Governance. He is the General Partner and Investment Manager of GFP, L.P., a private investment partnership. Since 2004, Mr. Gerard has been Chairman of the Management Committee and Chief Executive Officer of Royal Street Communications, LLC, a licensee, developer and operator of wireless telecommunications systems in Los Angeles and Central Florida. From 1974 to 1977, Mr. Gerard served in the United States Department of the Treasury, completing his service as Assistant Secretary for Capital Markets and Debt Management. From 1977 until his retirement in 1991, he held senior executive positions with the investment banking firms Morgan Stanley & Co., Dillon Read & Co. and The Bear Stearns Companies Inc. Mr. Gerard is a graduate of Harvard College and holds MA and JD degrees from Columbia University. Mr. Gerard is a member of the Board of Directors of H&R Block, Inc., serving as Chairman of the Governance and Nominating Committee and a member of the Finance Committee of such board. We believe Mr. Gerard s qualifications to sit on our board of directors include his extensive experience in the financial services industry as well as his eligibility to serve as an independent member of the Board. Mr. Gerard brings many years of experience in senior management and as a member of the boards of other public companies. In addition, Mr. Gerard is familiar with corporate governance matters and brings valuable insight to our Board.

MARK R. PATTERSON, age 58, became a director of the Company following the completion of the Company s private placement with MatlinPatterson in September 2007. He is a member of the Executive Compensation Committee. Mr. Patterson is Chairman of MatlinPatterson Global Advisors LLC which he co-founded in July 2002. Mr. Patterson has over 35 years of financial markets experience, principally in merchant, investment and commercial banking at Credit Suisse (where he was Vice Chairman from 2000 to 2002), Scully Brothers & Foss L.P., Salomon Brothers Inc. and Bankers Trust Company. Mr. Patterson holds degrees in law (BA, 1972) and economics (BA Honors, 1974) from South Africa s Stellenbosch University and an MBA (with distinction, 1986) from New York University s Stern School of Business. Mr. Patterson also serves on the Board of Directors of Allied World Assurance in Bermuda (Chairman of the Investment Committee) and on the Dean s Executive Board of the NYU Stern School of Business. Mr. Patterson serves on the Board of Flagstar Bancorp, Inc. and Polymer Group, Inc. He previously served on the Boards of NRG Energy, Inc., Compass Aerospace, Thornburg Mortgage Inc., and Oxford Automotive, Inc. Mr. Patterson has significant experience, expertise and background in the financial markets. With his experience as a member of the boards of other public companies, Mr. Patterson continues to provide key insight to our Board. Furthermore, given Mr. Patterson s relationship with MatlinPatterson, the Board believes that his interests will be closely aligned to those of the Company s shareholders.

ROBERT S. YINGLING, age 48, has been a director of the Company since September 2007 and is Chair of the Audit Committee. He has been Chief Executive Officer of Lifetopia Corporation since May 2009, prior to which from March 2008 he was a consultant to Lifetopia and other technology companies. Previously, Mr. Yingling was Vice President and Chief Financial Officer of WRC Media Inc. from September 2004 to March 2008, and he was Chief Financial Officer of Duncan Capital Group LLC from March through July 2004. From March 2003 until February 2004, he was Director of Finance of Smiths Group plc. Prior to that he was Chief Financial Officer of BigStar Entertainment, Inc., where he led their Initial Public Offering. Mr. Yingling was a manager in the Audit and Business Advisory Division of Arthur Andersen and Director of Finance at Standard Microsystems Corporation, as well as Chief Financial Officer of GDC International, Inc. Mr. Yingling has served as a director of SA International, from April 2004 through December 2008. Mr. Yingling holds an MBA from the Columbia University Graduate School of Business and a BS in Accounting from Lehigh University. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the New York State Society of CPAs. We believe Mr. Yingling s qualifications to sit on the Board of Directors include his extensive financial expertise. His diverse experience with the financial reporting process, gained as an auditor with a leading public accounting firm advising public companies with regard to accounting and reporting issues, and as the chief financial officer of various public companies, gives him the expertise to Chair our Audit Committee and serve on the Board. Mr. Yingling has maintained the continuing professional education requirements of CPAs, including courses focused on the issues facing broker

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dealers and public company financial experts, which, combined with the foregoing practical experience, provide him the expertise to Chair our Audit Committee and serve on our Board.

Messrs. Mandel and Plimpton have terms which expire this year and they will not continue as directors after the Annual Meeting. The Company is grateful to Messrs. Mandel and Plimpton for their years of service to the Company:

VICTOR MANDEL, age 45, has been a director of the Company since October 2008 and is a member of the Audit Committee and the Committee on Directors and Corporate Governance. He is the founder and managing member of Criterion Capital Management, an investment company established in 2001. From 1999 to 2000, Mr. Mandel was Executive Vice President, Finance and Development of Snyder Communications, Inc., with operating responsibility for its publicly-traded division, Circle.com. Prior to Snyder Communications, Mr. Mandel was a Vice President in the Investment Research department at Goldman Sachs & Co., covering emerging growth companies. Mr. Mandel has been a member of the board of directors of Comys IT Partners, Inc. since 2003. We believe that Mr. Mandel s qualifications to sit on our Board included his experience in the financial services industry, knowledge of corporate governance and expertise in accounting and financial reporting matters. Mr. Mandel will not continue as a director after the Annual Meeting.

FRANK S. PLIMPTON, age 56, became a director of the Company following the completion of the Company s private placement with MatlinPatterson in September 2007. He has over 28 years of experience in reorganizations, investment banking and investing. Mr. Plimpton served as a partner of MatlinPatterson Global Advisors LLC from its inception in July 2002 through 2008. Prior to July 2002, Mr. Plimpton was a member of the Distressed Securities Group at Credit Suisse First Boston. Mr. Plimpton holds a BA in Applied Mathematics and Economics from Harvard College (*cum laude*, 1976). Mr. Plimpton received a law degree from the University of Chicago Law School (1981), and an MBA (1980) from the University of Chicago Booth School of Business. As a director, Mr. Plimpton brought his experience in private equity, reorganizations, investment banking and investing to our Board. Mr. Plimpton will not continue as a director after the Annual Meeting.

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PROPOSAL NO. 2

REINCORPORATION IN DELAWARE

Introduction

At the Annual Meeting, the shareholders of the Company will be asked to consider and vote upon a proposal to change the Company s state of incorporation from New York to Delaware (the Reincorporation) pursuant to an Agreement and Plan of Merger by and between the Company and wholly-owned subsidiary of the Company, Gleacher & Company, Inc., a Delaware corporation (Newco). The Agreement and Plan of Merger is described below and included in Appendix A to this proxy statement (the Merger Agreement). Newco would be the holding company for all of the business operations of the Company following the Reincorporation and will not have engaged in any activities prior to the Reincorporation except in connection with the Reincorporation.

Under the Merger Agreement, the Company will be merged with and into Newco (the Merger). Upon the effectiveness of the Merger, the Company will cease to exist, and Newco will continue to operate the Company s business under the name Gleacher & Company, Inc. The Company s officers and directors immediately before the merger will be Newco s directors and officers immediately after the Merger.

For the reasons set forth below, the Board believes that approval of the Reincorporation is in the best interests of the Company and its shareholders and has approved the Reincorporation. Under applicable law, approval of the Reincorporation by shareholders representing two-thirds of the votes of all outstanding shares entitled to vote is required for approval of the Merger Agreement, the Merger and all related transactions effecting the change of the legal domicile of the Company. **Pursuant to New York law, if the Reincorporation is approved by the shareholders of the Company, shareholders who dissent from the Reincorporation will not be entitled to appraisal rights with respect to their shares of the Company.**

Reasons for the Reincorporation

The purpose of the Reincorporation is to change the Company s state of incorporation from New York to Delaware. The Reincorporation is intended to cause, and will have the effect of causing, the Company to be governed by the Delaware General Corporation Law (the DGCL) rather than by the New York Business Corporation Law (the NYBCL).

Delaware has historically been a leader in adopting and interpreting comprehensive and flexible corporate laws responsive to the legal and business needs of corporations. Companies choosing to incorporate or reincorporate in Delaware commonly cite the following as reasons for their decision:

- the measure of predictability afforded to Delaware corporations from the body of case law interpreting the DGCL;
- the certainty afforded by the well-established principles of corporate governance;
- the sophistication and flexibility of the DGCL;
- the level of experience, speed of decision-making and degree of sophistication and understanding of the Delaware Court of Chancery; and

the responsiveness of the Delaware General Assembly, which each year considers and adopts statutory amendments that have been proposed by the Corporation Law Section of the Delaware bar to meet changing business needs.

The Board has considered each of the foregoing and other reasons and concluded that reincorporation in Delaware is in the best interests of the Company and its shareholders. Therefore, the Board recommends that the shareholders vote FOR Proposal No. 2 to reincorporate the Company in Delaware.

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Effect of the Merger

To effect the Reincorporation, at the effective time of the Merger:

the Company will merge with and into Newco, Newco will be the surviving entity and the Company will cease to exist as a separate entity;

the shareholders of the Company will become the shareholders of Newco;

the outstanding shares of common stock and preferred stock of the Company will automatically convert on a one-for-one basis into shares of Newco common stock and Newco preferred stock, respectively;

Newco shall possess all of the assets, liabilities, rights, privileges and powers of the Company and Newco;

Newco shall be governed by the applicable laws of Delaware and by Newco s certificate of incorporation and bylaws;

the officers and directors of the Company will become the officers and directors of Newco; and

Newco will operate under the name Gleacher & Company, Inc., and its common stock will be listed on the NASDAQ Global Market with a ticker symbol of GLCH.

Certain material differences between the corporations law of New York and Delaware, and between the certificates of incorporation and bylaws of the Company and Newco, are discussed below under the heading Comparison of Shareholders Rights under Delaware and New York Corporate Law and Charter Documents. A copy of the existing certificate of incorporation and bylaws of the Company are available for inspection by shareholders of the Company on the Company s EDGAR page on the website of the Securities and Exchange Commission (SEC) at www.sec.gov or by written request to Corporate Secretary at the offices of the Company at 1290 Avenue of the Americas, New York, NY 10104. Newco will be governed by the Certificate of Incorporation substantially in the form included as Appendix B (the Delaware Certificate) and the Bylaws substantially in the form included as Appendix C (the Delaware Bylaws, and collectively with the Delaware Certificate, the Delaware Charter Documents). As described more fully in Proposal No. 3 to this proxy statement, the Company is also seeking to amend its existing Restated Certificate of Incorporation to eliminate the classification of its Board of Directors. Where applicable, the Delaware Charter Documents included in Appendices B and C include alternative provisions those that will govern the composition of the Board of Directors if Proposal No. 3 is adopted at the Annual Meeting and those that will govern if Proposal No. 3 is not adopted. The final Delaware Charter Documents will include only the provisions with regard to the composition of the Board of Directors that are consistent with the outcome of the vote on Proposal No. 3.

Approval

The Reincorporation and the terms of the Merger Agreement have been approved by the Board. Pursuant to applicable law, the Reincorporation and the Merger are subject to the further approval by the Company s shareholders constituting two-thirds of all outstanding shares of common stock entitled to vote thereon.

Exchange of Stock

If Proposal No. 2 is approved, and the Company proceeds with the Reincorporation, the Company s shares of common stock and preferred stock will each automatically convert on a one-for-one basis into shares of common stock and preferred stock, respectively, of Newco (respectively the Newco Common Stock and the Newco Preferred Stock, and

collectively, the Newco Capital Stock) at the effective time of the Reincorporation (the Effective Time) without any further action required by the Company s shareholders. At the Effective Time:

Newco shall assume and continue any and all stock options, stock incentive and other equity-based awards or deferred compensation plans heretofore adopted by the Company (individually, an Equity Plan and, collectively, the Equity Plans), and shall reserve for issuance under each Equity Plan a

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number of shares of Newco Common Stock equal to the number of shares of common stock so reserved by the Company immediately prior to the Effective Time;

each unexercised option or other right to purchase common stock granted under any such Equity Plan or otherwise and outstanding immediately prior to the Effective Time shall, at the Effective Time, become an option or right to purchase Newco Common Stock on the basis of one share of Newco Common Stock for each share of common stock issuable pursuant to any such option or stock purchase right, and otherwise on the same terms and conditions and at an exercise price per share equal to the exercise price per share applicable to any such option or stock purchase right of the Company; and

each other restricted stock award, restricted stock unit and equity-based award relating to common stock granted under any of the Equity Plans and outstanding immediately prior to the Effective Time shall, at the Effective Time, become an award relating to Newco Common Stock on the basis of one share of Newco Common Stock for each share of common stock to which such award relates and otherwise on the same terms and conditions applicable to such award immediately prior to the Effective Time. If, after the Effective Time, a shareholder wishes to acquire a stock certificate reflecting the name Gleacher & Company, Inc. and referring to Delaware as its state of incorporation, the shareholder may do so by surrendering his or her certificate to the transfer agent for Newco with a request for a replacement certificate, accompanied by the appropriate fee. The transfer agent for the Company and Newco is American Stock Transfer & Trust Company, LLC.

Effective Time

The Reincorporation will become effective upon the filing of the Delaware Certificate of Merger with the Secretary of State of Delaware and the New York Certificate of Merger with the Secretary of State of New York. These filings are anticipated to be made as soon as practicable after receiving the requisite shareholder approval and all other necessary approvals.

Operations Following the Reincorporation

Newco will continue the business of the Company after the Merger, and the Reincorporation will have no effect on the Company s operations.

Federal Income Tax Consequences of the Reincorporation

The following summary addresses the material U.S. federal income tax consequences of the Reincorporation to holders of shares of the Company s capital stock (Holders). This summary is based on the current provisions of the Internal Revenue Code of 1986, as amended (Internal Revenue Code), applicable Treasury Regulations, judicial authority and administrative rulings, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences described herein. No ruling from the Internal Revenue Service (the IRS) has been or will be sought with respect to federal income tax consequences of the Reincorporation under the Internal Revenue Code. There can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the Reincorporation or that any such contrary position would not be sustained by a court. This summary is only for the general information of Holders and does not purport to consider all potential tax consequences of the Reincorporation. In addition, this summary does not address the U.S. federal income tax consequences of the Reincorporation to Holders subject to special tax treatment under the Internal Revenue Code, such as dealers in securities, holders of stock options or those Holders who acquired their capital stock of the Company upon the exercise of stock options.

The Company expects to receive an opinion from our counsel Dewey & LeBoeuf LLP confirming that the Reincorporation will constitute a reorganization under Section 368(a) of the Internal Revenue Code. Assuming the Reincorporation constitutes such a reorganization, the following consequences will generally result: (a) no gain or loss will be recognized by Holders upon the conversion of their shares of Company capital stock into Newco Capital Stock in the Reincorporation; (b) a Holder s basis in a share of Newco Capital Stock will be the same as the Holder s basis in the corresponding share of Company capital stock held

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at the time of the Reincorporation; (c) a Holder s holding period in a share of Newco Capital Stock will include the period during which the Holder held the corresponding share of Company capital stock prior to the Reincorporation, provided the Holder held the corresponding share as a capital asset at the time of the Reincorporation; and (d) neither the Company nor Newco will recognize gain or loss as a result of the Reincorporation.

The tax opinion of Dewey & LeBoeuf LLP will be based on, among other things, current law and certain representations by the Company. Any change in current law, which may be retroactive, or the failure of any representation by the Company to be true, correct and complete in all material respects, could adversely affect the conclusions reached by counsel in the tax opinion. Moreover, the tax opinion is not binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions reached in the tax opinion.

A successful IRS challenge to the reorganization status of the Reincorporation could result in a Holder recognizing gain, and perhaps loss, with respect to each share of Company capital stock exchanged in the Reincorporation equal to the difference between the Holder s basis in such shares and the fair market value, as of the time of the Reincorporation, of the shares of Newco Capital Stock received in exchange therefor. In such event, a Holder s aggregate basis in the shares of Newco Capital Stock received in the exchange would generally equal their fair market value on such date, and the Holder s holding period for such shares would not include the period during which the Holder held shares of Company capital stock prior to the Reincorporation.

State, local, or foreign income tax consequences to Holders may vary from the federal tax consequences described above. Holders should consult their own tax advisors as to the effect of the Reincorporation under applicable federal, state, local, or foreign income tax laws.

Accounting Treatment

The Reincorporation is expected to be accounted for as a transaction between entities under common control in which the net assets of the Company will be transferred into Newco at their carrying values and the shares of the Company s common stock and preferred stock will each automatically convert on a one-for-one basis into shares of Newco Common Stock and Newco Preferred Stock, respectively. Therefore, no gain or loss will be recognized.

Regulatory Approvals

The Reincorporation will not occur until the Company has received all required consents of governmental authorities, including the filing and acceptance of the Delaware Certificate of Merger with the Secretary of State of Delaware, the filing and acceptance of the New York Certificate of Merger with the Secretary of State of New York, and satisfied applicable requirements of the NASDAQ Global Market and the Financial Industry Regulatory Authority, Inc.

Securities Act Consequences

Pursuant to Rule 145(a)(2) under the Securities Act of 1933, as amended (the Securities Act), a merger which has the sole purpose of changing an issuer s domicile within the United States does not involve a sale of securities for the purposes of the Securities Act. Accordingly, separate registration of the offer and sale of shares of the Newco Capital Stock will not be required.

Capital Stock and Voting Rights

The Company s authorized capital stock consists of 200,000,000 shares of common stock, $0.01 par value per share, and 1,500,000 shares of preferred stock, $1.00 par value per share. On April 14, 2010, there were 128,294,480 shares of common stock and 1,000,000 shares of preferred stock of the Company outstanding. Each share of common stock

entitles the holder thereof to one vote. Holders of shares of preferred stock are not entitled to vote on the Reincorporation, as such, but have certain consent rights.

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The Delaware Certificate provides that the authorized capital stock of Newco consists of 200,000,000 shares of common stock, $0.01 par value per share, and 1,500,000 shares of preferred stock, $1.00 par value per share.

The Merger Agreement provides that each outstanding share of the Company s common stock and preferred stock will be exchanged for one share of Newco Common Stock and Newco Preferred Stock, respectively. Accordingly, the interests of the shareholders relative to one another will not be affected by the Merger.

Abandonment of the Reincorporation

The Board will have the right, at any time before the Effective Time, to abandon the Merger and thus the Reincorporation and take no further action towards reincorporating the Company in Delaware, even after shareholder approval, if for any reason the Board determines that it is not advisable to proceed with the Reincorporation.

Comparison of Shareholder Rights Under Delaware and New York Corporate Law and Charter Documents

Subject to shareholder approval prior to the Effective Time, the Company will change its state of incorporation to Delaware and will thereafter be governed by the DGCL and by the Delaware Charter Documents. As a result, at the Effective Time, the Delaware Charter Documents will effectively replace the Company s Restated Certificate of Incorporation (as amended and restated, the Company Certificate) and the Company s Amended and Restated Bylaws (the Company Bylaws, and together with the Company Certificate, the Company Charter Documents). In addition, holders of common stock will become holders of Newco Common Stock, which will result in their rights as shareholders being governed by the laws of the State of Delaware instead of the laws of the State of New York.

The following is a summary of some of the significant rights of the shareholders under New York and Delaware law and under the Company Charter Documents and the Delaware Charter Documents. This summary is not a complete description of all differences between the rights of a shareholder of the Company and those of Newco. This summary is qualified in its entirety by reference to the full text of such documents and laws.

Amendment of Certificate of Incorporation

Under the NYBCL, except for certain ministerial changes, and except as otherwise required under a certificate of incorporation, a certificate of incorporation may be amended only if authorized by the board of directors and by the vote of the holders of a majority of the shares of stock entitled to vote on such amendment. The DGCL allows a board of directors to recommend an amendment for approval by shareholders, and a majority of the shares entitled to vote at a shareholders meeting are normally enough to approve that amendment. Both the NYBCL and the DGCL also require that if a particular class or series of stock is adversely affected by certain types of amendments, then such class or series also must authorize such amendment in order for it to become effective. The NYBCL and the DGCL both allow a corporation to require a higher proportion of votes in order to authorize amendments to a certificate of incorporation, if so provided in the certificate. Both the Company Certificate and the Delaware Certificate provide that they shall not be amended in any manner which would affect the powers, preferences or special rights of the Company s Series B Preferred Stock (the Series B Preferred Stock) without the affirmative vote of the holders of at

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least two-thirds of the outstanding shares of Series B Preferred Stock, voting together as a single class. The Company does not believe that the Reincorporation would affect the powers, preferences or rights of the Series B Preferred Stock.

Amendment of Bylaws

Under the NYBCL, a corporation s bylaws may be amended by the vote of the holders of a majority of the votes cast in the election of any directors or, if permitted under the corporation s certificate of incorporation or a bylaw adopted by the shareholders, additionally by the board of directors. Under the DGCL, the power to adopt, amend or repeal the bylaws is vested in the stockholders entitled to vote or, if permitted under the corporation s certificate of incorporation, by the board of directors.

Both the Company Bylaws and the Delaware Bylaws may be amended by the Board, or by the vote of a majority of the shareholders entitled to vote thereon at an annual or special meeting. However, each of the Company Charter Documents and the Delaware Charter Documents require the affirmative vote of the holders of at least 80% of the Company s outstanding voting stock for the amendment by the shareholders of provisions relating to: (i) special meetings of shareholders; (ii) notice of shareholder business and nominations; (iii) the number, election and terms of directors; (iv) the removal of directors; and (v) newly created directorships and vacancies.

Who May Call Special Meetings of Shareholders

Under both the NYBCL and the DGCL, the board of directors or anyone authorized in the certificate of incorporation or bylaws may call a special meeting of shareholders. Currently, the Company Bylaws provide that special meetings may be called by the Chief Executive Officer, the President or by resolution of the Board. The Delaware Bylaws will provide that special meetings may be called by the Chairman of the Board, by resolution of the Board, by the Chief Executive Officer, by the President or by the Secretary of Newco.

Action by Written Consent of Shareholders In Lieu of a Shareholder Meeting

The NYBCL permits shareholder action in lieu of a meeting by unanimous written consent of those shareholders who would have been entitled to vote on a given action at a meeting, unless otherwise specified in the certificate of incorporation. The DGCL permits shareholders to take action by the written consent of holders collectively owning at least the minimum number of votes (generally, a majority) that would be required for action at a shareholders meeting at which holders of all shares entitled to vote on the action were present and voted. The Company Certificate and Delaware Certificate each allow shareholder action by written consent if signed by holders collectively owning at least the minimum number of votes that would be necessary to take such action at a meeting at which all shares entitled to vote on the action were present and voted.

Notice of Shareholder Business and Nominations

The Company Bylaws and the Delaware Bylaws each allow shareholders to nominate directors and propose other business to be brought before the annual meeting of shareholders and any special meeting of shareholders if timely written notice is given to the Secretary of the Company and such business is a proper subject for shareholder action under the NYBCL and the DGCL, respectively. For notice to be timely under the Company Bylaws, in general it must be delivered in writing to the Corporate Secretary of the Company at the principal offices of the Company not less than 70 days nor more than 90 days prior to the first anniversary of the preceding year s annual meeting or prior to such special meeting as the case may be. For notice to be timely under the Delaware Bylaws, written notice generally must be delivered not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year s annual meeting or prior to such special meeting, as the case may be.

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Right of Shareholders to Inspect Shareholder List

Under the NYBCL, a shareholder of record may inspect the list of record shareholders upon giving at least five days written demand to do so. The inspection may be denied if the shareholder refuses to give an affidavit that such inspection is not desired for a purpose which is in the interest of a business other than the business of the corporation and that the shareholder has not been involved in selling or offering to sell any list of shareholders of any corporation within the preceding five years. Under the DGCL, any stockholder may upon making a demand under oath stating the purpose thereof, inspect the stockholders list for any purpose reasonably related to the person s interest as a shareholder. In addition, for at least 10 days prior to each stockholders meeting, a Delaware corporation must make available for examination a list of stockholders entitled to vote at the meeting.

Vote Required for Certain Transactions

Under the NYBCL, to engage in a merger, consolidation or sale of all or substantially all of its assets, the Company must obtain the approval of at least two-thirds of the outstanding stock entitled to vote thereon. Under the DGCL, corporations are generally required to obtain the approval of only a majority of the outstanding stock entitled to vote on such transaction. However, in the case of a merger under the DGCL, stockholders of the surviving corporation do not have to approve the merger at all, unless the certificate of incorporation provides otherwise, if three conditions are met:

no amendment of the surviving corporation s certificate of incorporation is made by the merger agreement;

each share of the surviving corporation s stock outstanding or in the treasury immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date; and

the merger results in no more than a 20% increase in its outstanding common stock.

Proxies

Unless the proxy provides for a longer period, a proxy under the NYBCL can be voted or acted upon for eleven months, compared with three years under the DGCL.

Number of Directors

Under both the NYBCL and the DGCL, corporations must have at least one director. Under the NYBCL, the exact number of directors is required to be fixed in the bylaws, by the shareholders or by the board of directors, if authorized in a shareholder-adopted bylaw. Under the DGCL, the exact number of directors is required to be fixed in the certificate of incorporation or in (or in the manner provided by) the bylaws. Both the Company Bylaws and Delaware Bylaws provide for a minimum of one director and a maximum of fifteen directors, with the actual number of directors to be set by the Board from time to time.

Classified Board of Directors

Both the NYBCL and the DGCL permit classified boards of directors, which means the directors may have staggered terms that do not all expire at once. The NYBCL and the DGCL require that classified boards of directors be authorized in the corporation s certificate of incorporation or in a shareholder-adopted bylaw. The NYBCL allows for as many as four different classes of directors, all as nearly equal in number as possible, while the DGCL allows for up to three different classes of directors. The Company Certificate provides for three classes of directors, and also

provides that without the affirmative vote of the holders of at least 80% of the voting power of the then-outstanding voting stock of the Company, the provisions of the Company Certificate relating to board classification cannot be amended or repealed nor can any provision inconsistent with such provisions be adopted. In Proposal No. 3 to this proxy statement, the Board is proposing that you vote in favor of amending the Company Certificate to eliminate our Board classification and to require instead that all directors be elected or re-elected annually. If Proposal No. 3 is adopted at the

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Annual Meeting, the Delaware Charter Documents will require that all directors be elected or reelected annually and will remove the requirement that 80% of the voting power of the then outstanding voting stock of the Company approve any changes to the provisions relating to the number and election of directors. If Proposal No. 3 is not adopted at the Annual Meeting, the Delaware Charter Documents will provide for three classes of directors for the Company and contain the same restrictions relating to amending such provisions as currently exist in the Company Certificate.

Removal of Directors by Shareholders

Under the NYBCL, directors may be removed for cause by the shareholders owning a majority of the shares entitled to vote. In addition, if provided for in the certificate of incorporation, directors can be removed by the shareholders of a New York corporation without cause or by the board of directors for cause. Under the DGCL, unless the board is divided into classes, shareholders may remove directors, with or without cause, by a vote of shareholders owning a majority of the outstanding shares entitled to vote or by such greater vote requirement as may be set forth in the certificate of incorporation. Directors of a classified board may only be removed for cause, unless the certificate of incorporation provides otherwise. The Company Bylaws and Delaware Bylaws each allow for the removal of any director, with or without cause but only by the affirmative vote of the holders of at least 80% of the then-outstanding voting stock, voting together as a single class. As described above under Classified Board of Directors, if Proposal No. 3 in this proxy statement is adopted at the Annual Meeting, the Delaware Charter Documents will not provide for a classified Board and, if Proposal No. 3 is not adopted, the Board will be divided into three classes. Regardless of the outcome of the vote on Proposal No. 3, the Delaware Charter Documents will allow for the removal of any director, with or without cause but only by the affirmative vote of the holders of at least 80% of the then-outstanding voting stock, voting together as a single class.

Limitation of Directors Liability

Both states permit the limitation of a director s personal liability while acting in his or her official capacity, but only if the limitation is contained in the corporation s certificate of incorporation. Under the NYBCL, the certificate of incorporation may contain a provision eliminating or limiting the personal liability of directors to the corporation or its shareholders for breach of duty. However, no provision can eliminate or limit:

> the liability of any director if a judgment or other final adjudication adverse to the director establishes that the director acted in bad faith or engaged in intentional misconduct or a knowing violation of law, personally gained a financial profit to which the director was not legally entitled, or violated certain provisions of the NYBCL; or
>
> the liability of any director for any act or omission prior to the adoption of such provision in the certificate of incorporation.

The Company Certificate and Delaware Certificate each contain a provision limiting the personal liability of directors.

The DGCL also requires a certificate of incorporation provision in order to limit or eliminate a director s liability. However, the DGCL precludes any limitation or elimination of liability if the director breaches his or her duty of loyalty to the corporation or its shareholders, or if his or her acts or omissions are not in good faith or involve intentional misconduct or a knowing violation of law or if he or she receives an improper personal benefit from the corporation, or authorized a dividend or stock repurchase that was forbidden by the DGCL.

Due to the variations in the NYBCL and the DGCL, there may be circumstances where, despite the inclusion of certificate of incorporation provisions seeking the maximum director exculpation permitted by applicable law, a

director could remain liable under the NYBCL for conduct that would not expose him or her to liability under the DGCL, or vice versa.

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Loans to, and Guarantees of Obligations of, Directors

Under the NYBCL, a corporation may not lend money to, or guarantee the obligation of, a director unless the disinterested shareholders of such corporation approve the transaction. For purposes of the shareholder approval, the holders of a majority of the votes of the shares entitled to vote constitute a quorum, but shares held by directors who are benefited by the loan or guarantee are not included in the quorum.

Under the DGCL, a board of directors may authorize loans by the corporation to, and guarantees by the corporation of any obligations of, any director of the corporation who is also an officer or other employee of the corporation whenever, in the judgment of the board of directors, such loan or guarantee may reasonably be expected to benefit the corporation.

Transactions with Interested Directors

Under the NYBCL, a corporation may establish the validity of transactions between it and its interested directors through one of several methods, including the approval by a majority of the disinterested directors who are not involved in the transaction. The DGCL provides that no transaction between a corporation and an interested director is void or voidable solely because that director is present at or participates in the meeting where such transaction is considered or because that director s votes are counted if the material facts of that director s interest are known to the board of directors and the board of directors in good faith authorizes the transaction by a vote of a majority of the disinterested directors, or if that director s interest is disclosed to the stockholders and the stockholders in good faith approve the transaction, or if the contract or transaction at issue is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee or the shareholders. Both the Company Bylaws and Delaware Bylaws allow for the approval of such transactions where the director s interest in the transaction is either (1) disclosed in good faith or known to the Board, and the Board or a committee of the Board approves the transaction by a majority without counting the vote of any interested director or, if the votes of the disinterested directors are insufficient to constitute the vote of a majority of the Board, then by unanimous vote of the disinterested directors; or (2) disclosed in good faith or known to the shareholders entitled to vote thereon, and the transaction is approved by a vote of such shareholders.

Dividends; Redemption of Stock

Subject to its certificate of incorporation provisions, under both the NYBCL and the DGCL a corporation may generally pay dividends, redeem shares of its stock or make other distributions to shareholders if the corporation is solvent and would not become insolvent because of the dividend, redemption or distribution. The assets applied to such a distribution may not be greater than the corporation s surplus.

Under the NYBCL, dividends may be paid or distributions made out of surplus or, in case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, so that the net assets of the corporation remaining after such payment or distribution shall be at least equal to the amount of its stated capital. The NYBCL defines surplus as the excess of net assets over stated capital and permits the board of directors to adjust stated capital. The DGCL defines surplus as the excess of net assets over stated capital and lets the board of directors adjust capital. If there is no surplus, the DGCL allows a corporation to apply net profits from the current or preceding fiscal year, or both, with certain exceptions.

In general, with certain restrictions, the NYBCL permits a corporation to provide in its certificate of incorporation for redemption (at the option of the corporation or the shareholder or in certain other circumstances) of one or more classes or series of its shares. One such restriction provides that common stock may be issued or redeemed, with certain exceptions, only when the corporation has an outstanding class of common shares that is not subject to

redemption. The DGCL permits redemptions only when the corporation has outstanding one or more shares of one or more classes or series of stock, which share or shares have full

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voting powers. Under each of the Company Certificate and Delaware Certificate, so long as the Series B Preferred Stock remains outstanding, the Company is prohibited from paying any dividend, other than dividends payable to the holders of the Company s Series B Preferred Stock, without first obtaining the vote or written consent of a majority in interest of the then outstanding shares of the Series B Preferred Stock. Additionally, cash dividends of 10 percent per annum must be paid on the Series B Preferred Stock quarterly, while an additional dividend of 4 percent per annum accrues and is cumulative, if not otherwise paid quarterly at the option of the Company.

Appraisal Rights

The NYBCL generally provides that a dissenting shareholder has the right to receive the fair value of his shares if he complies with certain procedures and objects to:

(i) certain mergers and consolidations;

(ii) certain dispositions of assets requiring shareholder approval;

(iii) certain share exchanges; or

(iv) certain amendments to the certificate of incorporation which adversely affect the rights of such shareholder.

The DGCL provides such appraisal rights only in the case of shareholders objecting to certain mergers or consolidations, unless additional appraisal rights are provided in the certificate of incorporation.

The NYBCL provides that dissenting shareholders have no appraisal rights if their shares are listed on a national securities exchange or designated as a market system security on an interdealer quotation system by the NASDAQ Stock Market. Appraisal rights may also be unavailable under the NYBCL in a merger between a parent corporation and its subsidiary where only one of them is a New York corporation, or in a merger between a parent and subsidiary where both are New York corporations, and the parent owns at least 90% of the subsidiary. Also, appraisal rights are available to shareholders who are not allowed to vote on a merger or consolidation and whose shares will be canceled or exchanged for cash or something else of value other than shares of the surviving corporation or another corporation. When appraisal rights are available, the shareholder may have to request the appraisal and follow other required procedures. Pursuant to the NYBCL, if the Reincorporation is approved by the shareholders of the Company, dissenting shareholders will not be entitled to appraisal rights with respect to their shares.

Similarly, under the DGCL, appraisal rights are not available to a shareholder if the corporation s shares are listed on a national securities exchange or held by more than 2,000 shareholders of record, or if the corporation will be the surviving corporation in a merger which does not require the approval of the surviving corporation s shareholders.

Business Combinations with Interested Stockholders

Provisions in both the NYBCL and the DGCL may help to prevent or delay changes of corporate control. In particular, both the NYBCL and the DGCL restrict or prohibit an interested stockholder from entering into certain types of business combinations unless the board of directors approves the transaction in advance. The two laws define these two terms differently.

Under the NYBCL, an interested shareholder is generally prohibited from entering into certain types of business combinations with a New York corporation for a period of five years after becoming an interested shareholder, unless before such date the board of directors approves either the business combination or the acquisition of stock by the interested shareholder before the interested shareholder acquires his or her shares. An interested shareholder under the

NYBCL is generally a beneficial owner of at least 20% of the corporation s outstanding voting stock. Business combinations under the NYBCL include:

mergers and consolidations between corporations or with an interested shareholder or its affiliate or associate;

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sales, leases, mortgages, pledges, transfers or other dispositions to an interested shareholder of assets with an aggregate market value which either equals 10% or more of the corporation s consolidated assets or outstanding stock, or represents 10% or more of the consolidated earning power or net income of the corporation;

issues and transfers to an interested shareholder of stock with an aggregate market value of at least 5% of the aggregate market value of the outstanding stock of the corporation; liquidation or dissolution of the corporation proposed by or in connection with an interested shareholder;

reclassification or recapitalization of stock that would increase the proportionate stock ownership of an interested shareholder; and

the receipt by an interested shareholder of any benefit from loans, guarantees, advances, pledges or other financial assistance or tax benefits provided by the corporation.

After a five-year period, the NYBCL allows such business combination if it is approved by a majority of the voting stock not owned by the interested shareholder or by an affiliate or associate of the interested shareholder. Business combinations are also permitted when certain statutory fair price requirements are met and in certain other circumstances.

Section 203 of the DGCL generally prohibits an interested stockholder from entering into certain types of business combinations with a Delaware corporation for three years after becoming an interested stockholder. An interested stockholder under the DGCL is any person other than the corporation and its majority-owned subsidiaries who owns at least 15% of the outstanding voting stock, or who is an affiliate or associate of a corporation and who owned at least 15% of the outstanding voting stock within the preceding three years. In summary, the prohibited combinations include:

mergers or consolidations;

sales, leases, exchanges or other dispositions of 10% or more of (1) the aggregate market value of all assets of the corporation or (2) the aggregate market value of all the outstanding stock of the corporation;

issuance or transfers by the corporation or a majority-owned subsidiary of its stock except in limited instances;

receipt by the interested stockholder of the benefit of loans, advances, guarantees, pledges or other financial benefits provided by the corporation; and

any other transaction, with certain exceptions, that increases the proportionate share of the stock owned by the interested stockholder.

Section 203 does not apply in the following cases:

if, before the stockholder became an interested stockholder, the board of directors approved the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

if, after the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, subject to technical calculation rules;

if, on or after the time the interested stockholder became an interested stockholder, the board of directors approved the business combination, and at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder also ratified the business combination at a stockholders meeting; and

if a corporation elects not to be governed by DGCL Section 203 in its certificate of incorporation.

The Board recommends that the Company s shareholders vote FOR the reincorporation of the Company in Delaware.

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PROPOSAL NO. 3

AMENDMENT TO THE COMPANY S CERTIFICATE OF INCORPORATION TO ELIMINATE THE CLASSIFIED STRUCTURE OF THE COMPANY S BOARD OF DIRECTORS

Introduction

At the Annual Meeting, the shareholders of the Company will be asked to consider and vote upon a proposal to amend the Company s Restated Certificate of Incorporation (the Company Certificate) to eliminate separate classes of directors and require that directors be elected annually.

Current Board Structure

Article EIGHTH of the Company Certificate currently provides that the Board of Directors be divided into three classes, with approximately one-third of our directors elected each year. The successors of the class of directors whose term expires at each annual meeting of the shareholders are elected for a three-year term.

Rationale for Elimination of Board Classification

The Board of Directors, together with the Committee on Directors and Corporate Governance, has considered the merits of an annually elected and a classified board, taking a variety of perspectives into account. In the past, the Board supported a classified board, in part due to the perceived continuity and stability this structure could provide. The Board believes that it can achieve these objectives without a classified board and, recognizing the merits of annual elections, believes that shareholders should have the opportunity to vote on the performance of the entire board each year. As a result, the Committee on Directors and Corporate Governance and the Board of Directors has approved, and is recommending that shareholders approve, this proposal.

The Amendment

If the proposed amendment is approved, the Board classification will be eliminated. The current directors, including the directors elected at the Annual Meeting, will serve one-year terms expiring at the 2011 annual meeting of the shareholders, and beginning with the 2011 annual meeting of the shareholders, all directors will be elected for one-year terms at each annual meeting.

If the amendment is approved, Article EIGHTH, paragraph (C) of the Company Certificate will be amended to read in its entirety as follows:

EIGHTH:

(C) The directors, other than those who may be elected by the holders of shares of any series of Preferred Stock or any other series or class of stock as set forth in this Certificate of Incorporation, shall serve one year terms. Commencing with the 2011 annual meeting of shareholders, and at each succeeding annual meeting of shareholders, directors shall be elected at each annual meeting of shareholders.

The amendment will not affect the Board s authority under the Company Certificate to fill vacancies on the Board for the full term of any director whose departure from the Board creates a vacancy, if any. Any director chosen as a result of the newly created directorships or to fill a vacancy on the Board will hold office until the next annual meeting of

the shareholders.

In addition, Article EIGHTH, paragraph (G) of the Company Certificate, which requires the affirmative vote of the holders of at least 80% of the voting power of the then outstanding voting stock, voting together as a single class, to amend or repeal or adopt any provision inconsistent with Article EIGHTH, paragraph (C), will be deleted in its entirety. If the proposed amendment to Article EIGHTH, paragraph (C) is approved, this related technical change is necessary so as to not unintentionally hinder the Company in the absence of a classified Board.

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Relationship to Proposal No. 2

At the Annual Meeting, the shareholders of the Company will also be voting on Proposal No. 2, a proposal to reincorporate the Company in Delaware. If Proposal No. 2 is adopted, the surviving Delaware corporation will be governed by a Delaware certificate of incorporation and bylaws. If Proposal No. 2 is adopted but this Proposal No. 3 is not adopted, the surviving Delaware corporation will have a classified Board. If both Proposal No. 2 and this Proposal No. 3 are adopted at the Annual Meeting, the surviving Delaware corporation will not have a classified Board. If Proposal No. 2 is not adopted, but this Proposal No. 3 is adopted, the Company will not have a classified Board. We are seeking shareholder approval to eliminate the classified structure of the Board of Directors independent of Proposal No. 2 so that if Proposal No. 2 is not approved but this proposal is approved, we will nevertheless declassify our Board of Directors.

Shareholder Approval Required

The Company Certificate requires the affirmative vote of the holders of at least 80% of the voting power of the then-outstanding voting stock, voting together as a single class, to amend the Company Certificate to eliminate the classified structure of the Board of Directors. In the event that less than 80% of the outstanding shares of common stock entitled to vote at the Annual Meeting vote in favor of this Proposal No. 3, the Company Certificate will not be amended to eliminate the classified structure of the Board of Directors.

The Board recommends that the Company s shareholders vote FOR the proposal to amend the Company Certificate to eliminate the classified structure of the Board of Directors.

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PROPOSAL NO. 4

AMENDMENT TO THE COMPANY S CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE COMPANY

Introduction

At the Annual Meeting, the shareholders of the Company will be asked to consider and vote upon a proposal to amend the Company s Restated Certificate of Incorporation (the Company Certificate) to change the name of the Company from Broadpoint Gleacher Securities Group, Inc. to Gleacher & Company, Inc.

Rationale for the Name Change

We are proposing to change our name in order to more closely align our corporate name with our brand and our focus on investment banking. The Company believes that the Gleacher name has become synonymous with high-quality investment banking services and is the strongest brand for us to unify under in marketing to clients.

The Amendment

The full text of Article FIRST of the Company Certificate, as proposed to be amended, will read as follows:

FIRST: The name of the corporation shall be Gleacher & Company, Inc. It was formed under the name First Albany Companies Inc.

If the proposal to amend the Company Certificate to change our name to Gleacher & Company, Inc. is approved by our shareholders at the Annual Meeting, an amendment to the Company Certificate will be filed with the Secretary of State of the State of New York to effect the name change as soon as practicable after the annual meeting.

Change in Stock Symbol

If our shareholders approve the name change amendment at the Annual Meeting, we intend to change our NASDAQ Global Market trading symbol from BPSG to GLCH. Shareholders will not be required to submit their stock certificates for exchange if the proposed name change is approved. Following the effective date of the name change, all new stock certificates issued by us will reflect our new name.

Relationship to Proposal No. 2

At the Annual Meeting, the shareholders of the Company will also be voting on Proposal No. 2, a proposal to reincorporate the Company in Delaware. If Proposal No. 2 is adopted, the surviving Delaware corporation will be governed by a Delaware certificate of incorporation and bylaws, which will provide that the Company s name will be Gleacher & Company, Inc. If Proposal No. 2 is not adopted, but this Proposal No. 4 is adopted, the Company will remain as a New York domiciled corporation but its name will be changed to Gleacher & Company, Inc. We are seeking shareholder approval to change the Company s name independent of Proposal No. 2 so that if Proposal No. 2 is not approved but this proposal is approved, we will nonetheless change the Company name.

Shareholder Approval Required

The NYBCL requires the affirmative vote of the holders of a majority of all outstanding shares entitled to vote thereon at the Annual Meeting, to amend the Company Certificate to change the name of the Company.

The Board recommends that the Company s shareholders vote FOR the proposal to amend the Certificate of Incorporation to change the name of the Company to Gleacher & Company, Inc.

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PROPOSAL NO. 5

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Introduction

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2010. We are submitting the selection of the independent registered public accounting firm for shareholder ratification at the Annual Meeting.

A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from shareholders.

Our organizational documents do not require that our shareholders ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. We are doing so because we believe it is a matter of good corporate practice. If our shareh