

RODMAN & RENSHAW CAPITAL GROUP, INC.
Form S-4/A
March 15, 2011

Registration No. 333-171988

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**Amendment No. 1 to
to
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Rodman & Renshaw Capital Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

6211

84-1374481

*(State or other jurisdiction of
incorporation or organization)*

*(Primary Standard Industrial
Classification Code Number)*

*(I.R.S. Employer
Identification Number)*

**1251 Avenue of the Americas
New York, NY 10020
(212) 356-0500**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Edward Rubin
Chief Executive Officer
Rodman & Renshaw Capital Group, Inc.
1251 Avenue of the Americas
New York, NY 10020
(212) 356-0500
(212) 430-1711**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kenneth S. Rose, Esq.
Morse, Zelnick, Rose & Lander, LLP
405 Park Avenue, Suite 1401
New York, NY 10022
(212) 838-5030
(212) 208-6809 (facsimile)

Eden L. Rohrer, Esq.
Darrel A. Rice, Esq.
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, TX 75219
(214) 651-5969
(214) 200-0664 (facsimile)

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION, DATED MARCH 15, 2011
HUDSON HOLDING CORPORATION
111 TOWN SQUARE PLACE, SUITE 1500A
JERSEY CITY, NEW JERSEY 07310

March 16, 2011

Dear Stockholder of Hudson Holding Corporation:

You are cordially invited to attend the Special Meeting of Stockholders of Hudson Holding Corporation (referred to as the Meeting) that will be held on Friday, April 8, 2011, at 10:00 a.m., Eastern Daylight Time. Hudson Holding Corporation (referred to as Hudson) has entered into an Amended and Restated Agreement and Plan of Merger, dated as of January 4, 2011 (referred to as the Merger Agreement), with Rodman & Renshaw Capital Group, Inc. (referred to as Rodman). If the merger and the other transactions contemplated by the Merger Agreement (referred to as the Merger) are approved and consummated, Hudson will merge with and into a wholly owned subsidiary of Rodman and will no longer be a publicly held corporation. The Hudson board of directors has unanimously determined that the Merger and the Merger Agreement are advisable, and are fair to, and in the best interests of, Hudson and its stockholders and has approved the Merger Agreement and the Merger. The Merger requires the approval of holders of a majority of the outstanding shares of Hudson common stock, par value \$0.001 per share, and we are asking you to vote to approve and adopt the Merger Agreement and approve the Merger at the Meeting.

Holders of Hudson common stock as of the close of business on March 11, 2011 (referred to as the Record Date) will be entitled to vote at the Meeting. Each share of Hudson common stock is entitled to one vote for each matter to be voted on at the Meeting. The holders of shares entitled to cast a majority of the total votes of the outstanding shares of Hudson common stock on the Record Date, present in person or represented by proxy at the Meeting and entitled to vote, will constitute a quorum at the Meeting.

On the Record Date, there were 76,965,367 shares of Hudson common stock outstanding held by approximately 161 stockholders of record. Hudson does not have cumulative voting. Hudson stockholders have dissenters' rights and may receive payment in cash of the fair value of their shares, excluding any appreciation in value that results from the Merger. To maintain dissenters' rights, a stockholder must: (1) deliver written notice of its intent to demand payment for its shares to Hudson before the Meeting or at the Meeting but before the vote is taken and (2) not vote in favor of the Merger. See Proposal One: The Merger Appraisal Rights beginning on page 71.

Upon completion of the Merger, each share of Hudson common stock will be converted into the right to receive 0.0338 shares of Rodman common stock, par value \$0.001 per share, subject to adjustment if Hudson's Net Liquid Assets (as defined) is less than \$4 million on the closing date of the Merger. Based on the number of shares of Hudson common stock and Rodman common stock outstanding as of the Record Date, and assuming no adjustment, current Hudson stockholders are expected to own approximately 7% of the outstanding Rodman common stock following the Merger.

Rodman common stock is traded on the NASDAQ Global Market, under the symbol RODM . Based on \$2.69, the closing price of Rodman common stock on the NASDAQ Global Market on January 4, 2011, the last trading day before public announcement of the Merger Agreement, the Merger consideration represented approximately \$0.09 in value for each share of Hudson common stock (referred to as the Merger Consideration). Based on \$2.06, the closing price of Rodman common stock on March 14, 2011, the Merger Consideration represented approximately \$0.07 in value for each share of Hudson common stock, assuming no adjustment.

Both Hudson and Rodman are excited about this transaction because Hudson and Rodman believe they will: (1) realize the benefits of the firms' highly complementary platforms, where management believes there is relatively little overlap; (2) accelerate Rodman's investment banking business growth; (3) diversify Rodman's revenue stream; (4) benefit from the complementary fit between Rodman's investment banking and Hudson's sales and trading; (5) utilize the skills and relationships of the combined senior management teams; and (6) realize benefits from operating cost efficiencies, which the companies believe will allow them to enhance profitability.

The Hudson board of directors recommends that you vote FOR the proposal to approve and adopt the Merger Agreement and approve the Merger. In addition, certain directors, executive officers and other stockholders of Hudson have agreed to vote their shares of Hudson common stock, representing in the aggregate approximately 52.1% of the voting power of the outstanding shares of Hudson common stock, FOR the proposal to approve and adopt the Merger Agreement and approve the Merger.

Your vote is very important. Regardless of the number of shares you own or whether or not you plan to attend the Meeting, it is important that your shares be represented and voted. Voting instructions are inside.

The obligations of Rodman and Hudson to complete the Merger are subject to several conditions set forth in the Merger Agreement and summarized in the accompanying proxy statement/prospectus. Important information about Rodman, Hudson, the Meeting, the Merger Agreement, the Merger and the other proposals for consideration at the Meeting is contained in the accompanying proxy statement/prospectus. I urge you to read the entire document carefully and in its entirety. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 17 of the accompanying proxy statement/prospectus.** Neither the Securities and Exchange Commission, which is referred to as the SEC, nor any state securities regulatory authority has approved or disapproved of the Merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense. Additional information regarding Rodman and Hudson can be obtained from filings with the Securities and Exchange Commission. Please see [Where You Can Find More Information](#) in the accompanying proxy statement/prospectus for instructions on how to access those filings.

I look forward to seeing you at the Meeting.

Sincerely,

Anthony M. Sanfilippo
Chief Executive Officer

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

YOUR VOTE IS IMPORTANT

PLEASE PROMPTLY SUBMIT YOUR PROXY BY MAIL

The accompanying proxy statement/prospectus is first being distributed to the stockholders of Hudson Holding Corporation on or about March 18, 2011.

Sources of Additional Information

If you have any questions about the Meeting or if you need additional copies of the accompanying proxy statement/prospectus, you should contact:

Hudson Holding Corporation
Attention: Secretary
111 Town Square Place, Suite 1500A
Jersey City, New Jersey 07310
(201) 216-0100

To receive timely delivery of additional copies of this proxy statement/prospectus in advance of the Meeting, please make your request no later than April 1, 2011.

For a more detailed description of how you may obtain information about Rodman and Hudson that is not included in this proxy statement/prospectus, see [Where You Can Find More Information](#) on page 96 of the accompanying proxy statement/prospectus.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

OF

HUDSON HOLDING CORPORATION

Time & Date:

Friday, April 8, 2011, at 10:00 a.m., Eastern Daylight Time.

Location:

111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310.

Items of Business:

To consider and vote on a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger, dated as of January 4, 2011 (as it may be amended from time to time, the Merger Agreement), among Rodman, HHC Acquisition, Inc. (referred to as Merger Sub), a wholly owned subsidiary of Rodman, and Hudson, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice, and approve the merger and other transactions contemplated by the Merger Agreement (referred to as the Merger);

To approve the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to approve and adopt the Merger Agreement and approve the Merger at the time of the Meeting; and

To consider and vote upon any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting.

Adjournments and Postponements:

Any action on the items of business described above may be considered at the Meeting at the time and on the date specified above or at any time and date to which the Special Meeting may be properly adjourned or postponed.

Record Date for Voting:

You are entitled to vote only if you were a Hudson stockholder at the close of business on March 11, 2011 (the Record Date).

Meeting Admission:

You are entitled to attend the Meeting only if you were a Hudson stockholder as of the close of business on the Record Date or hold a valid proxy for the Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name is subject to verification against the list of stockholders of record on the Record Date prior to being admitted to the Meeting. If you are not a stockholder of record but hold shares through a broker or nominee (*i.e.*, in -street name), you should be prepared to provide proof of beneficial ownership on the Record Date, such as your most recent account statement or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Meeting. The Meeting will begin promptly at 10:00 a.m., Eastern Daylight Time. Check-in will begin at 9:30 a.m., Eastern Daylight Time, and you should allow ample time for check-in procedures.

Voting:

Your vote is very important. Whether or not you plan to attend the Meeting, we encourage you to read the accompanying proxy statement/prospectus and submit your proxy or voting instructions for the Meeting as soon as possible. You may submit your proxy or voting instructions for the Meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled The Hudson Holding Corporation Special Meeting beginning on page 40 of the accompanying proxy

statement/prospectus and the instructions on the proxy card or voting instruction card.

Inspection of List of Stockholders of Record:

A list of the stockholders of record as of the Record Date will be available for inspection during ordinary business hours at the office of Hudson's General Counsel and Secretary, 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310, from March 28, 2011 to April 8, 2011, as well as at the Meeting, for any purpose germane to the Meeting.

Additional Information:

Important information about Rodman, Hudson, the Meeting and the Merger is contained in the accompanying proxy statement/prospectus. I urge you to read the entire document (including the annexed documents, which are incorporated by reference into the proxy statement/prospectus) carefully and in its entirety. In particular, you should carefully consider the discussion in the section entitled "Risk Factors" beginning on page 17.

By order of the Board of Directors,

Keith R. Knox
Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING

The following are some questions that you, as a Hudson stockholder, may have regarding the Merger and the other matters being considered at the Hudson Holding Corporation Special Meeting of Stockholders (referred to as the Meeting), and the answers to those questions. You are urged to carefully read this proxy statement/prospectus, including the annexed documents, which are incorporated by reference, in its entirety because the information in this section does not provide all of the information that might be important to you with respect to the Merger and the other matters being considered at the Meeting. In this proxy statement/prospectus, unless stated to the contrary or the context requires otherwise, the terms the Company, we, our, ours, and us refer to Hudson and its subsidiaries.

Q: Why am I receiving this proxy statement/prospectus?

A: Rodman and Hudson have agreed to the Merger. Under the terms of the Merger Agreement that is described in this proxy statement/prospectus, Hudson will merge with and into a wholly owned subsidiary of Rodman and will no longer be a publicly held corporation. See Proposal One: The Merger and The Merger Agreement. A copy of the Merger Agreement is attached to this proxy statement/prospectus as Annex A. This proxy statement/prospectus contains important information about Rodman, Hudson, the Meeting, the Merger Agreement, the Merger and the other proposals for consideration at the Meeting. This document is being delivered to you as both a proxy statement of Hudson and a prospectus of Rodman in connection with the Merger. It is the proxy statement by which the Hudson board of directors is soliciting proxies from you to vote on the approval and adoption of the Merger Agreement and the approval of the Merger and the other matters to be voted on at the Meeting or at any adjournment or postponement of the Meeting. It is also the prospectus pursuant to which Rodman will issue Rodman common stock to you in the Merger.

You are receiving this proxy statement/prospectus because you have been identified as a stockholder of Hudson and may be entitled to vote at the upcoming Meeting. To complete the Merger, the holders of a majority of the voting power of the outstanding shares of Hudson common stock must vote to approve and adopt the Merger Agreement and approve the Merger, and all other conditions to the Merger must be satisfied or waived. You should read this proxy statement/prospectus carefully.

Q: What will happen in the proposed Merger?

A: In the Merger, Hudson will merge with and into HHC Acquisition, Inc. (referred to as Merger Sub), a wholly owned subsidiary of Rodman, which will be the surviving entity in the Merger. As a result, Hudson's corporate existence will terminate and Merger Sub will acquire all of Hudson's assets and liabilities and will succeed to all of Hudson's business operations. See Proposal One: The Merger Structure of the Merger.

Q: Why are Rodman and Hudson proposing to merge?

A: Rodman and Hudson are proposing to merge because they believe that the complementary strengths of their two companies make a combination compelling and in the best interests of each company and their respective stockholders, clients and employees. Rodman and Hudson believe the combination of Rodman and Hudson will:

- accelerate Rodman's sales and trading growth and diversify the combined firm's revenue stream;
- expand the distribution of Rodman's capital markets offerings through Hudson's distribution network;
- expand Rodman's market making ability, derivative, special situation, block and international trading ability in key sectors;
- expand Rodman's research coverage into such key sectors as transportation, gaming, industrials and technology;
- benefit from the complementary fit between Rodman's investment banking franchise and Hudson's sales and trading expertise;

utilize the skills and relationships of the combined senior management teams; and realize benefits from operating cost efficiencies, which the companies believe will allow them to enhance profitability.

Please see page 48 of this proxy statement/prospectus for the factors considered by the Hudson board of directors in recommending that Hudson stockholders vote **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger. Please see page 67 of this proxy statement/prospectus for Rodman's reasons for the Merger.

Q: What will I receive in the Merger?

A: If the Merger Agreement is approved and adopted and the Merger is approved by Hudson stockholders and the Merger is completed, you will receive in exchange for each share of Hudson common stock that you own that number of shares of Rodman common stock (referred to as the Exchange Ratio) as shall be equal to (i) (a) \$7,000,000 plus or minus, as the case may be, (b) 50% of the amount (the Adjustment Amount) by which the Net Liquid Assets (as defined below) are greater or less than \$4 million (unless otherwise agreed) divided by (ii) \$2.69, divided by (iii) the aggregate number of shares of Hudson common stock issued and outstanding on the closing date of the Merger. Net Liquid Assets means (i) (a) all cash and cash equivalents, (b) level I assets, (c) all bonds classified as level II assets and restricted equity securities valued at 50% of their freely tradable value, (d) the intrinsic value of level III warrants that are currently exercisable, (e) due from brokers, (f) current account receivables, and (g) prepaid expenses, less (ii) all liabilities, excluding deferred rent payable; all as determined in accordance with GAAP.

As of the Record Date, there were 76,965,367 shares of Hudson common stock outstanding and Hudson has, pursuant to the Merger Agreement, agreed (with certain exceptions) not to issue any additional shares of its common stock. Based upon 76,965,367 shares of Hudson common stock being outstanding immediately prior to the effectiveness of the Merger, and without taking into account any Adjustment Amount, the Exchange Ratio would be 0.0338. For each \$100,000 of Adjustment Amount, the Exchange Ratio would be adjusted upward or downward, as the case may be, by approximately 0.0005.

You will not receive fractional shares of Rodman common stock. Instead, you will receive the cash value, without interest, of any fractional share of Rodman common stock that you might otherwise have been entitled to receive, based on the 10-day average closing price for Rodman common stock ending on the second complete trading day prior to the closing date of the Merger.

Q: How will the Merger affect stock options to acquire Hudson common stock, other equity awards and warrants?

A: On January 4, 2011, the Hudson board of directors accelerated the vesting of all unvested shares of restricted Hudson common stock and options to purchase shares of Hudson common stock. At the effective time of the Merger, all outstanding Hudson stock options that have not been exercised will expire and terminate, all outstanding shares of restricted stock will convert into the right to receive approximately \$0.09 in value for each share of Hudson common stock (referred to as the Merger Consideration), based on the \$2.69 closing price of a share of Rodman common stock on January 4, 2011, and any outstanding Hudson warrants will be converted into the right to purchase and receive a number of shares of Rodman common stock equal to the number of shares of Hudson common stock subject to the warrant multiplied by the Exchange Ratio, and the exercise price of the warrant will equal the exercise price per share of Hudson common stock of such warrant divided by the Exchange Ratio.

Q: When do you expect the Merger to be completed?

A: Rodman and Hudson are working toward completing the Merger as quickly as possible. The Merger is expected to close on or around April 8, 2011, subject to receipt of Hudson stockholder approval, regulatory approvals and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the Merger will occur.

Q: Are there conditions to completing the Merger?

A: Yes. Rodman's and Hudson's respective obligations to complete the Merger are subject to the satisfaction or waiver of certain specified closing conditions. See The Merger Agreement Conditions to Complete the Merger.

Q: *What happens if the Merger is not completed?*

A: If the Merger Agreement is not approved and adopted by Hudson stockholders or if the Merger is not completed for any other reason, you will not receive any payment for your shares of Hudson common stock in connection with the Merger. Instead, Hudson will remain an independent public company and its common stock will continue to be quoted on the OTC Bulletin Board. If the Merger Agreement is terminated under specified circumstances, Hudson may be required to pay Rodman a termination fee of \$350,000 as described under *The Merger Agreement Expenses and Fees Termination Fees Payable by Hudson* beginning on page 86.

Q: *Am I entitled to appraisal rights?*

A: Yes. Delaware law provides dissenters' rights in the Merger to Hudson stockholders. This means that Hudson stockholders are legally entitled to receive payment in cash of the fair value of their shares, excluding any appreciation in value that results from the Merger. To maintain your dissenters' rights, you must: (1) deliver written notice of your intent to demand payment for your shares to Hudson's Secretary at 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310 either before the Meeting or at the Meeting but before the vote is taken and (2) not vote in favor of the Merger and the Merger Agreement. This notice must be in addition to, and separate from, any failure to vote, abstention from voting, or any vote, in person or by proxy, cast against approval of the Merger and the Merger Agreement. Voting against, abstaining from voting, or failing to vote on the adoption of the Merger and the Merger Agreement will not constitute notice of intent to demand payment or demand for payment of fair value under Delaware law. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your dissenters' rights. A copy of the section of the Delaware General Corporation Law (referred to as the *DGCL*) pertaining to dissenters' rights is provided as Annex D to this document. See *Proposal One: The Merger Appraisal Rights* beginning on page 71.

Q: *What are the tax consequences of the Merger to me?*

A: The Merger is intended to constitute a tax-free reorganization for U.S. federal income tax purposes. If so treated, the exchange of your shares of Hudson common stock for shares of Rodman common stock generally will not cause you to recognize gain or loss for U.S. federal income tax purposes. However, you will recognize income or gain with respect to cash received instead of any fractional shares of Rodman common stock. It is a condition to the Merger that Hudson and Rodman receive a legal opinion to the effect that the Merger constitutes such a reorganization for U.S. federal income tax purposes. The opinion will not bind the Internal Revenue Service, which could take a different view. To review the tax consequences to stockholders in greater detail, see *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 91.

The consequences of the Merger to any particular stockholder will depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your own tax advisor to determine your own tax consequences from the Merger.

Q: *Are there any risks related to the proposed transaction or any risks related to owning Rodman common stock?*

A: Yes. You should carefully review the *Risk Factors* beginning on page 17.

Q: *What stockholder approvals are required for the Merger?*

A: To approve and adopt the Merger Agreement and approve the Merger, the holders of a majority of the voting power of the outstanding shares of Hudson common stock must vote *FOR* the approval and adoption of the Merger Agreement and the approval of the Merger. Only holders of record of Hudson common stock at the close of business on March 11, 2011 (referred to as the *Record Date*), are entitled to notice of and to vote at the Meeting. As of the Record Date, there were 76,965,367 shares of Hudson common stock outstanding and entitled to vote at the Meeting. Failure to vote your shares, abstentions and broker non-votes will have the same effect as voting against the proposal to approve and adopt the Merger Agreement and approve the Merger. See *The Hudson Special Meeting Quorum; Vote Required; Abstentions; Shares Held in Street Name*.

Q: What stockholder approvals are required for the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the approval and adoption of the Merger Agreement and the approval of the Merger?

A: The holders of a majority of the voting power present in person or represented by proxy at the Meeting must vote **FOR** the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the approval and adoption of the Merger Agreement and the approval of the Merger for such proposal to pass. Abstentions will have the same effect as voting against the proposal to adjourn the Meeting. If you fail to instruct your broker to vote your shares, your broker may vote your shares in its discretion on this proposal. See The Hudson Holding Corporation Special Meeting Quorum; Vote Required; Abstentions.

Q: What do I need to do now?

A: Please carefully review this proxy statement/prospectus and vote the proxy card or voting instruction card you receive as soon as possible. Your proxy card or voting instruction card must be received, no later than 11:59 p.m., Eastern Daylight Time, on April 7, 2011 in order for your shares to be voted at the Meeting, unless you attend and vote at the Meeting.

Q: How does the Hudson board of directors recommend I vote on the Merger, the approval of certain payments and the adjournment proposals?

A: After careful consideration, the Hudson board of directors unanimously determined that the Merger and the Merger Agreement are advisable, and are fair to, and in the best interests of, Hudson and its stockholders and approved the Merger Agreement and the Merger. Accordingly, the Hudson board of directors recommends that you vote **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger and **FOR** the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the approval and adoption of the Merger Agreement and the approval of the Merger. See Proposal One: The Merger Hudson's Reasons for the Merger; Recommendation of the Hudson Board of Directors.

Q: Why is it important for me to vote?

A: Hudson and Rodman cannot complete the Merger without the approval of holders of a majority of the outstanding shares of Hudson common stock. Therefore, any shares that are not voted will have the same effect as a vote **AGAINST** the Merger.

Q: Have any Hudson stockholders agreed to vote FOR the Merger Agreement and the Merger?

A: Yes. Seaport Hudson LLC, Anthony M. Sanfilippo, Keith R. Knox, Peter Zugschwert, John C. Shaw, Jr., John W. Mascone, Kenneth D. Pasternak, Ajay Sareen and Frank J. Drazka, who, as of the Record Date, collectively own approximately 52.1% of the voting power of the outstanding shares of Hudson common stock, have agreed to vote their shares **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger.

Q: Do I need to send in my Hudson stock certificates now?

A: No. If the Merger is consummated, instructions will be sent to you regarding the exchange of your Hudson stock certificates for the Merger Consideration payable to you in the Merger.

Q: When and where will the Meeting be held?

A: The Meeting will take place on Friday, April 8, 2011, at 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310, commencing at 10:00 a.m., Eastern Daylight Time.

Q: What matters will be voted on at the Meeting?

A: You will be asked to vote on the following proposals:

to approve and adopt the Merger Agreement and approve the Merger contemplated by the Merger Agreement;

to approve the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to approve and adopt the Merger Agreement and approve the Merger at the time of the Meeting; and

to conduct any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting.

Q: What vote is needed for each proposal?

A: The following are the vote requirements for the various proposals:

Approval and Adoption of the Merger Agreement and Approval of the Merger: You may vote FOR, AGAINST or ABSTAIN with respect to the approval and adoption of the Merger Agreement and approval of the Merger. To approve and adopt the Merger Agreement and approve the Merger, the holders of a majority of the voting power of the outstanding shares of Hudson common stock must vote FOR the approval and adoption of the Merger Agreement and the approval of the Merger.

All Other Matters: You may vote FOR, AGAINST or ABSTAIN with respect to all other matters at the Meeting. The holders of a majority of the voting power present in person or represented by proxy at the Meeting must vote FOR the approval of each other proposal for it to pass. Abstentions will have the same effect as voting against the proposal to approve such matter.

Q: Who can vote at the Meeting?

A: Hudson stockholders of record at the close of business on the Record Date are entitled to vote at the Meeting.

Q: What is the Record Date for the Meeting?

A: The Record Date for the Meeting is March 11, 2011.

Q: What constitutes a quorum for purposes of the Meeting?

A: The holders of shares entitled to cast a majority of the total votes of the outstanding shares of Hudson common stock on the Record Date, present in person or represented by proxy at the Meeting and entitled to vote will constitute a quorum for the transaction of business at the Meeting. Withheld votes, abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business.

Q: How can I vote?

A: If you are a stockholder of record, you may submit a proxy for the Meeting by completing, signing, dating and returning the proxy card in the pre-addressed envelope provided.

If you hold your shares of Hudson common stock in a stock brokerage account or if your shares are held by a bank or nominee (i.e., in street name), you must provide the stockholder of record of your shares with instructions on how to vote your shares.

If you are a stockholder of record, you may also vote in person at the Meeting. If you hold shares in a stock brokerage account or if your shares are held by a bank or nominee (i.e., in street name), you may not vote in person at the Meeting unless you obtain a signed proxy from the stockholder of record giving you the right to vote the shares. You will also need to present photo identification and comply with the other procedures described in The Hudson Holding Corporation Special Meeting Date, Time and Place; Attending the Special Meeting on page 40. Giving a proxy will not affect your right to vote your shares of Hudson common stock if you attend the Meeting and want to vote in person.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Many Hudson stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. There are some important distinctions between shares held of record and shares beneficially owned.

Stockholder of Record: If your shares are registered directly in your name with Hudson's transfer agent, you are considered the stockholder of record with respect to those shares and this proxy statement/prospectus is being sent directly to you by Hudson. As a stockholder of record, you have the right to grant your proxy directly to Hudson or to vote in person at the Meeting. Hudson has enclosed a proxy card for your use.

Beneficial Owner: If your shares of Hudson common stock are held in a brokerage account, bank account or by another nominee, you are considered the beneficial owner of shares held in street name, and this proxy statement/prospectus is being forwarded to you by your broker, bank or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote and are also invited to attend the Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares, giving you the right to vote the shares instead of the broker, bank or nominee holding your shares. Your broker, bank or nominee has enclosed voting instructions for your use in directing your broker, bank or nominee how to vote your shares.

Q: What do I do if I receive more than one proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a stockholder of record and also in street name or otherwise through a nominee, you may receive more than one proxy statement/prospectus and/or set of voting instructions relating to the meeting. These should each be voted and/or returned separately in order to ensure that all of your shares are voted.

Q: What happens if I don't indicate how to vote on my proxy card?

A: If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted voted as the Hudson board of directors recommends, which is:

FOR the approval and adoption of the Merger Agreement and approval of the Merger; and

FOR the approval of the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to approve and adopt the Merger Agreement and approve the Merger.

Q: What happens if I do not vote?

A: If you do not sign and send in your proxy card or vote at the Meeting, or submit voting instructions, as applicable, it will have the effect of a vote against the approval and adoption of the Merger Agreement and approval of the Merger, but it will not affect the adjournment proposal. See The Hudson Holding Corporation Special Meeting Quorum; Vote Required; Abstentions; Shares Held in Street Name.

Q: What happens if I abstain?

A: Abstentions are counted as present and entitled to vote for purposes of determining a quorum. Abstentions have the same effect as a vote against each proposal.

Q: *If my shares are held in street name by my broker, will my broker automatically vote my shares for me?*

A: *No.* If your shares are held in an account at a broker, you must instruct the broker on how to vote your shares. If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your shares as being present at the meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the New York Stock Exchange (referred to as the NYSE), we believe that brokers do not have discretionary authority to vote on the proposal to approve and adopt the Merger Agreement. Accordingly, a broker non-vote will have the same effect as a vote against approval and adoption of the Merger Agreement and approval of the Merger.

Q: *Can I change my vote after I have voted?*

A: Yes. Hudson stockholders of record may revoke their proxies at any time prior to the time their proxies are voted at the Meeting. Proxies may be revoked by written notice to the corporate secretary of Hudson, by a later-dated proxy signed and returned by mail, or by attending the Meeting and voting in person. However, attending the Meeting without voting will not revoke your previously submitted proxy.

Hudson stockholders whose shares are held in the name of a broker or nominee may change their votes by submitting new voting instructions to their brokers or nominees. Those Hudson stockholders may not vote their shares in person at the Meeting unless they obtain a signed proxy from the stockholder of record giving them the right to vote their shares.

Q: *Who will count the votes?*

A: Andrew Lewin, Hudson Securities General Counsel, will act as election inspector and will certify the results and perform any other acts required by the Delaware General Corporation Law (the DGCL).

Q: *What do I do if I have questions?*

A: If you have any questions about the Meeting or if you need additional copies of this proxy statement/prospectus, you should contact:

Hudson Holding Corporation
Attention: Secretary
111 Town Square Place, Suite 1500A
Jersey City, New Jersey 07310
(201) 216-0100

SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You are encouraged to read carefully this entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the Merger Agreement, the Merger and the other matters being considered at the Meeting. See *Where You Can Find More Information* on page 96. The Merger Agreement is attached as Annex A to this proxy statement/prospectus and is incorporated herein by reference. You are encouraged to read it, as it is the most important legal document that governs the Merger. Page references are included to direct you to a more complete description contained elsewhere in this proxy statement/prospectus of the topics presented in this summary. **In addition, Rodman and Hudson encourage you to read the information included elsewhere in this proxy statement/prospectus, which includes important business and financial information about Rodman and Hudson, and in the reports they file with the Securities and Exchange Commission (referred to as the SEC). See *Rodman & Renshaw Capital Group, Inc. Business and Financial Information* beginning on page 97 of this proxy statement/prospectus; *Hudson Holding Corporation Business and Financial Information* beginning on page 96; and *Where You Can Find More Information* beginning on page 129.***

The Companies

Rodman & Renshaw Capital Group, Inc.

1251 Avenue of the Americas
New York, New York 10020
(212) 356-0500

Rodman (NASDAQ Global Market: RODM), headquartered in New York City, is a full-service investment bank dedicated to providing corporate finance, strategic advisory and related services to public and private companies across multiple sectors and regions. Rodman also provides research and sales and trading services primarily to institutional investors. Rodman is the leader in the PIPE (private investment in public equity) and RD (registered direct offering) transaction markets. Rodman has been ranked the #1 Placement Agent by deal volume of PIPE and RD financing transactions completed every year since 2005. The sectors that Rodman currently serves include life science/healthcare, China, energy, metals/mining, financial services and cleantech and the regions Rodman currently serves include North America and China. Rodman's primary product and service offerings include financing transactions, including private placements and public offerings. Rodman also provides research and sales and trading services to institutional investors.

Additional information about Rodman and its subsidiaries is included elsewhere in this proxy statement/prospectus and in the reports it files with the SEC. See *Rodman & Renshaw Capital Group, Inc. Business and Financial Information* beginning on page 97 and *Where You Can Find More Information* beginning on page 96.

Hudson Holding Corporation

111 Town Square Place, Suite 1500A
Jersey City, New Jersey 07310
(201) 216-0100

Hudson Holding Corporation (OTCBB: HDHL.OB), through its wholly owned subsidiary Hudson Securities, Inc. (referred to as Hudson Securities), provides a full range of corporate finance, advisory, and capital markets services and institutional equity research focused on the micro-, small- and mid-cap marketplace. Hudson Securities is dedicated to meeting the liquidity needs of its clients by providing execution solutions and making markets in over 15,000 U.S. and foreign securities. As a registered broker-dealer under the Securities Exchange Act of 1934 (referred to as the Exchange Act), Hudson Securities is a member of the Financial Industry Regulatory Authority (referred to as FINRA).

Additional information about Hudson and its subsidiaries is included elsewhere in this proxy statement/prospectus and in the reports it files with the SEC. See *Hudson Holding Corporation Business and Financial Information* beginning on page 129 and *Where You Can Find More Information* beginning on page 96.

HHC Acquisition, Inc.

1251 Avenue of the Americas
New York, New York 10020
(212) 356-0500

HHC Acquisition, Inc. (referred to as "Merger Sub"), is a newly-formed and wholly owned subsidiary of Rodman. If Rodman and Hudson complete the Merger, Hudson will be merged with and into Merger Sub, with Merger Sub being the surviving entity. Upon the effectiveness of the Merger, Hudson's corporate existence will terminate and Merger Sub will acquire all of Hudson's assets and liabilities and will succeed to all of Hudson's business operations. Merger Sub was organized solely for use in the Merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

The Merger
(see page 43)

Rodman and Hudson agreed to the acquisition of Hudson by Rodman under the terms of the Merger Agreement that is described in this proxy statement/prospectus. Pursuant to the Merger Agreement, Hudson will merge with and into Merger Sub, with Merger Sub being the surviving entity. It is intended that the Merger will be effected immediately after the effective time of the Merger without further approval, authorization or direction from or by any of the parties to the Merger Agreement. Rodman and Hudson have attached the Merger Agreement as Annex A to this proxy statement/prospectus. Rodman and Hudson encourage you to read carefully the Merger Agreement in its entirety because it is the legal document that governs the Merger.

Effects of the Merger; Merger Consideration
(see page 77)

At the effective time of the Merger, each share of Hudson common stock issued and outstanding, except for shares of Hudson common stock that are owned by Hudson or Rodman or by any direct or indirect wholly owned subsidiary of Hudson (which will be canceled as a result of the Merger) will be converted into the right to receive, subject to certain adjustments as described below, that number of shares of Rodman common stock (referred to as the "Exchange Ratio") as shall be equal to (i) (a) \$7,000,000 plus or minus, as the case may be, (b) 50% of the Adjustment Amount divided by (ii) \$2.69, divided by (iii) the aggregate number of shares of Hudson common stock issued and outstanding on the closing date of the Merger.

As of the Record Date, there were 76,965,367 shares of Hudson common stock outstanding and Hudson has, pursuant to the Merger Agreement agreed (with certain exceptions) not to issue any additional shares of its common stock. Based upon 76,965,367 shares of Hudson common stock being outstanding immediately prior to the effectiveness of the Merger, and without taking into account any Adjustment Amount, the Exchange Ratio, would be 0.0338. For each \$100,000 of Adjustment Amount, the Exchange Ratio would be adjusted upward or downward, as the case may be, by approximately 0.0005.

Other than possible adjustments as described in the next paragraph below, the Exchange Ratio will not change between now and the date of the Merger, including as a result of a change in the trading price of Rodman common stock or Hudson common stock or the operating and financial performance of either company. Therefore, the specific dollar value of the shares of Rodman common stock received by Hudson stockholders in the Merger will depend on the market value of Rodman common stock at the time the Merger is completed.

Notwithstanding the foregoing, the Exchange Ratio will be adjusted if between the signing of the Merger Agreement and the effective time of the Merger the outstanding Rodman common stock or Hudson common stock, or securities convertible or exchangeable into or exercisable into Rodman common stock or Hudson common stock, is changed into a different number of shares or different class by reason of any distribution, reclassification, stock split (including a reverse split), stock dividend or distribution, recapitalization, merger, subdivision, issuer tender or exchange offer with a Record Date within such period, or any similar event occurs, in which case the Exchange Ratio will be adjusted to eliminate the effects of such event on the Merger Consideration.

Rodman will not issue fractional shares of Rodman common stock in the Merger. As a result, Hudson stockholders will receive cash for

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any fractional shares of Rodman common stock that they would otherwise be entitled to receive in the Merger. For a full description of the Merger Consideration including the treatment of fractional shares, see The Merger Agreement Merger Consideration beginning on page 77 of this proxy statement/prospectus.

Treatment of Hudson Stock Options, Other Equity-Based Awards and Warrants

(see page 78)

On January 4, 2011, the Hudson board of directors accelerated the vesting of all unvested shares of restricted Hudson common stock and options to purchase shares of Hudson common stock. At the effective time of the Merger, all outstanding Hudson stock options that have not been exercised will expire and terminate, all outstanding shares of restricted Hudson common stock will convert into the right to receive the per share Merger Consideration and any outstanding Hudson warrants will be converted into the right to purchase and receive a number of shares of Rodman common stock equal to the number of shares of Hudson common stock subject to the warrant multiplied by the Exchange Ratio, and the exercise price of the warrant will equal the exercise price per share of Hudson common stock of such warrant divided by the Exchange Ratio.

Risk Factors

(see page 17)

By voting in favor of the proposal to approve and adopt the Merger Agreement and approve the Merger, you will be choosing to invest in Rodman common stock. An investment in Rodman common stock involves a high degree of risk. In addition to the other information contained in the documents annexed and incorporated by reference into this proxy statement/prospectus, you should carefully consider the factors discussed under the caption entitled "Risk Factors" beginning on page 17 in deciding whether to vote in favor of the proposal to approve and adopt the Merger Agreement and approve the Merger.

This proxy statement/prospectus (including the annexed documents, which are incorporated by reference into this proxy statement/prospectus) contains forward-looking statements that involve risks, uncertainties and assumptions, such as statements of Rodman's, Hudson's and the combined company's plans, objectives, expectations and intentions. When used in this proxy statement/prospectus and the annexed documents incorporated by reference into this proxy statement/prospectus, the words such as "may," "might," "should," "expects," "anticipates," "believes," "estimates," "intends," "plans," "seeks," "will," "should," "would," "projects," "predicts," "continues" and similar expressions or the terms and other comparable terminology are intended to identify certain of these forward-looking statements. Because these forward-looking statements involve risks, uncertainties and assumptions, including those discussed under the caption entitled "Risk Factors," the actual results of Rodman, Hudson and the combined company could differ materially from those expressed or implied by the forward-looking statements in this proxy statement/prospectus.

The Meeting; Hudson Stockholders Entitled to Vote; Required Vote

(see page 40)

The Meeting will be held on Friday, April 8, 2011 at 10:00 a.m., Eastern Daylight Time, at the offices of Hudson Holding Corporation, 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310. At the Meeting, Hudson stockholders will be asked to:

consider and vote on a proposal to approve and adopt the Merger Agreement and approve the Merger contemplated by the Merger Agreement;

approve the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to approve and adopt the Merger Agreement and approve the Merger at the time of the Meeting; and

conduct any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting.

The close of business on March 11, 2011 was the Record Date for the Meeting. Only Hudson stockholders on the Record Date are entitled to notice of and to vote at the Meeting. Each share of Hudson common stock will be entitled to one vote on each matter to be acted upon at the Meeting. On the Record Date, there were 76,965,367 shares of Hudson common stock outstanding.

The approval of holders of a majority of the voting power of the outstanding shares of Hudson common stock is required to approve and adopt the Merger Agreement and approve the Merger.

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Seaport Hudson LLC, Anthony M. Sanfilippo, Keith R. Knox, Peter Zugschwert, John C. Shaw, Jr., John W. Mascone, Kenneth D. Pasternak, Ajay Sareen and Frank J. Drazka, who, as of the Record Date, collectively own approximately 52.1% of the voting power of the outstanding shares of Hudson common stock, have agreed to vote their shares **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger.

Recommendation of the Hudson Board of Directors and Hudson Reasons for the Merger
(See page 49)

After careful consideration of the numerous factors described in the section entitled "Proposal One: The Merger" Hudson's Reasons for the Merger; "Recommendation of the Hudson Board of Directors" beginning on page 48, the Hudson board of directors unanimously determined that the Merger and the Merger Agreement are advisable, and are fair to, and in the best interests of, Hudson and its stockholders. Accordingly, the Hudson board of directors recommends that you vote **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger.

In addition, the Hudson board of directors recommends that you vote **FOR** the other proposals described in this proxy statement/prospectus.

Opinion of Hudson's Financial Advisor
(See page 49)

On January 4, 2011, New Century Capital Partners (which we refer to as "New Century"), rendered its oral opinion to the Hudson board of directors (which was subsequently confirmed in writing by delivery of New Century's written opinion dated the same date) to the effect that, as of January 4, 2011, the Exchange Ratio provided for in the proposed Merger was fair to the Hudson stockholders from a financial point of view.

New Century's opinion was directed to the board of directors of Hudson and addressed only the fairness to the Hudson stockholders, from a financial point of view, of the Exchange Ratio provided for in the proposed Merger, and did not address any other aspect or implication of the proposed Merger. The summary of New Century's opinion in this proxy statement prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy statement prospectus and which sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by New Century in preparing its opinion. However, neither New Century's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement prospectus are intended to be, and do not constitute advice or a recommendation to any holder of Hudson common stock as to how such holder should act or vote with respect to any matter relating to the proposed Merger. See "Proposal One: The Merger" "Opinion of Hudson's Financial Advisor" beginning on page 49.

No Rodman Stockholder Approval
(See page 70)

Rodman stockholders are not required to approve and adopt the Merger Agreement or approve the Merger or the issuance of shares of Rodman common stock as part of the Merger Consideration.

Interests of Certain Persons in the Merger
(See page 68)

When considering the recommendation by the Hudson board of directors to vote FOR the proposal to approve and adopt the Merger Agreement and approve the Merger, you should be aware that some directors and executive officers of Hudson have interests in the Merger that may be different from your interests. Rodman currently anticipates that the senior management of Hudson, including several of its executive officers, will become executive officers and/or key employees of Rodman following the Merger. Some Hudson directors, officers and employees who hold stock options and/or restricted stock pursuant to existing plans may receive certain benefits in connection with the Merger, including accelerated vesting of those stock options and/or restricted stock. Hudson directors and officers will also receive indemnification from Rodman, and Rodman has agreed to provide and pay for liability insurance benefits for members of the Hudson board of directors. The Hudson board of directors was aware of these interests and considered them in approving the Merger Agreement and the Merger.

Security Ownership by Directors and Executive Officers of Hudson
(See page 93)

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As of the Record Date for the Meeting, the directors and executive officers of Hudson and their affiliates, as a group, beneficially owned approximately 56.8% of the outstanding voting power of Hudson common stock. The approval of the holders of a majority of the voting power of the outstanding shares of Hudson's common stock is required to approve and adopt the Merger Agreement and approve the Merger.

Ownership of Rodman Following the Merger

(See page 70)

If the Merger is completed, and assuming no adjustment to the Merger Consideration, holders of Hudson common stock collectively will receive approximately 2.6 million shares of Rodman common stock in the Merger based on the number of shares of Hudson common stock outstanding as of the Record Date.

Based on the number of shares of Rodman common stock and Hudson common stock outstanding as of January 4, 2011, and assuming no adjustment to the Merger Consideration, current Hudson stockholders are expected to own approximately 7% of the outstanding common stock of Rodman following the Merger.

Listing of Rodman Common Stock and Delisting and Deregistration of Hudson Common Stock

(See page 74)

Application will be made to have the shares of Rodman common stock issued in the Merger approved for listing on the NASDAQ Global Market. If the Merger is completed, Hudson common stock will no longer be quoted on the OTC Bulletin Board and will be deregistered under the Exchange Act, and, as a result, Hudson will no longer file periodic reports with the SEC.

Regulatory Approvals

(See page 71)

Rodman and Hudson have both agreed to use their commercially reasonable best efforts to apply for and obtain all regulatory approvals necessary or advisable in connection with the transactions contemplated by the Merger Agreement, including approval from FINRA.

Appraisal Rights

(See page 71)

Holders of Hudson common stock are entitled to appraisal rights under Delaware law in connection with the Merger and may receive payment in cash for the fair value of their shares, excluding any appreciation in value that results from the Merger. To maintain your dissenters rights, you must: (1) deliver written notice of your intent to demand payment for your shares to Hudson's Secretary at 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310 either before the Meeting or at the Meeting but before the vote is taken and (2) not vote in favor of the Merger and the Merger Agreement. This notice must be in addition to, and separate from, any failure to vote, abstention from voting, or any vote, in person or by proxy, cast against approval of the Merger and the Merger Agreement. Voting against, abstaining from voting, or failing to vote on the adoption of the Merger and the Merger Agreement will not constitute notice of intent to demand payment or demand for payment of fair value under Delaware law. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your dissenters rights. A copy of the section of the DGCL pertaining to dissenters' rights is provided as Annex D to this document. See Proposal One: The Merger Appraisal Rights beginning on page 71.

Conditions To Complete The Merger

(See page 84)

Each of Rodman's, Merger Subs and Hudson's obligation to effect the Merger is subject to the satisfaction (or, to the extent permissible, waiver) of a number of conditions, including:

approval and adoption of the Merger Agreement and approval of the Merger by Hudson stockholders in accordance with Delaware law;

the absence of any applicable law that prohibits, makes the Merger illegal or enjoins the consummation of the Merger;

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such authorizations, consents, orders, declarations or approvals of, or filings with, or terminations or expirations of waiting periods imposed by, governmental authorities as set forth in the disclosure schedules to the Merger Agreement having been obtained, made or occurred;

certain individuals identified shall have entered into employment agreements with Rodman on mutually agreed upon terms;

the Net Liquid Assets of Hudson as of the closing date of the Merger shall exceed \$2.5 million, less any Agreed Upon Expenditure Amount (as defined);

holders of not more than 5% of Hudson's outstanding shares of common stock shall have perfected their statutory right to seek appraisal of their shares;

the accuracy of representations and warranties of Hudson or Rodman, as applicable, contained in the Merger Agreement; and

subsequent to the date of the Merger Agreement, there not having occurred any event, occurrence, revelation or development of a state of circumstances or facts that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on Hudson.

Expected Timing of the Merger
(See page 77)

Rodman and Hudson are working toward completing the Merger as quickly as possible. The Merger is expected to close on or around April 8, 2011, subject to receipt of Hudson stockholder approval, governmental and regulatory approvals and the satisfaction of other usual and customary closing conditions. However, no assurance can be given as to when, or if, the Merger will occur.

Termination
(See page 86)

Rodman and Hudson may mutually agree to terminate the Merger Agreement before completing the Merger, even after Hudson stockholder approval. In addition, either of Rodman or Hudson may terminate the Merger Agreement under certain circumstances, including:

the Merger has not been completed by June 30, 2011 (except that this right is not available to any party whose breach of the Merger Agreement resulted in failure of the Merger to be completed); or

there is any applicable law that (i) makes consummation of the Merger illegal or otherwise prohibited or (ii) enjoins Hudson or Rodman from consummating the Merger and such injunction has become final and nonappealable.

Rodman may also terminate the Merger Agreement if:

the Hudson board of directors has changed or withdrawn its recommendation or fails to publicly confirm the recommendation of the Hudson board of directors to proceed with the Merger within five business days of a written request by Rodman that it do so; or

Hudson breaches its representations and warranties, covenants or agreements under the Merger Agreement such that the applicable closing conditions will not have been satisfied (and such condition is incapable of being satisfied prior to June 30, 2011).

Hudson may terminate the Merger Agreement if:

the Hudson board of directors authorizes Hudson, subject to complying with the terms of the Merger Agreement, to enter into a written agreement concerning a Superior Proposal, as defined in the Merger Agreement, but only if Hudson pays any amounts due as described under The Merger Agreement Expenses and Fees and prior to any such termination:

Hudson notifies Rodman in writing of its intention to terminate the Merger Agreement and to enter into a binding written agreement concerning an Acquisition Proposal that constitutes a Superior Proposal, attaching the most current version of such agreement (or a description of all material terms and conditions thereof), and

Rodman does not make, within four days of receipt of such written notification (subject to certain extensions), an offer that is at least as favorable to the stockholders of Hudson as such Superior Proposal; or

Rodman or Merger Sub breaches its representations and warranties, covenants or agreements such that certain closing conditions will not have been satisfied (and such conditions are incapable of being satisfied prior to June 30, 2011).

Termination Fees Payable by Hudson
(See page 86)

Under the terms of the Merger Agreement, Hudson would be obligated to pay Rodman a \$350,000 cash termination fee if:

the Hudson board of directors authorizes Hudson, subject to complying with the terms of the Merger Agreement, to enter into a written agreement concerning a Superior Proposal; or

an Adverse Recommendation Change occurs or the Hudson board of directors fails to publicly confirm the recommendation by the Hudson board of directors to proceed with the Merger within five business days of a written request by Rodman that it do so, but only if such Adverse Recommendation Change was not solely the result of the occurrence of a material adverse effect with respect to Rodman.

Material U.S. Federal Income Tax Consequences

(See page 91)

The Merger is intended to constitute a tax-free reorganization for U.S. federal income tax purposes. If so treated, the exchange of your shares of Hudson common stock for shares of Rodman common stock generally will not cause you to recognize gain or loss for U.S. federal income tax purposes. However, you will recognize income or gain with respect to cash received instead of any fractional shares of Rodman common stock. It is a condition to the Merger that Hudson and Rodman receive a legal opinion as to the U.S. federal income tax treatment of the Merger with respect to both companies and their respective stockholders. This opinion will not bind the Internal Revenue Service, which could take a different view.

The consequences of the Merger to any particular stockholder will depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your own tax advisor to determine your own tax consequences from the Merger.

Accounting Treatment

(See page 71)

In accordance with accounting principles generally accepted in the United States, Rodman will account for the Merger using the acquisition method of accounting for business combinations.

Comparison of Rights of Hudson Stockholders and Rodman Stockholders

(See page 88)

Hudson's certificate of incorporation and bylaws and Delaware corporate law govern the rights of Hudson stockholders. Rodman's certificate of incorporation and bylaws and Delaware corporate law will govern your rights as a stockholder of Rodman following the Merger. Your rights under Rodman's certificate of incorporation and bylaws will differ in some respects from your rights under Hudson's certificate of incorporation and bylaws.

Summary Pro Forma Condensed Combined Financial Information

(See page F-64)

The following Summary Pro Forma Condensed Combined Financial Information is derived from the pro forma financial information included elsewhere in the proxy statement/prospectus and should be read in conjunction therewith.

Pro Forma Condensed Combined Statements of Operations:**Year Ended December 31, 2010**

(amounts in thousands, except per share amounts)

	<u>Rodman</u>	<u>Hudson</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Revenues:				
Investment banking	\$ 87,245	3,333		90,578
Merchant banking	1,573			1,573
Commissions	4,102	18,066		22,168
Conference fees	3,158			3,158
Principal transactions	(12,597)	12,072		(525)
Interest and other income	134	805		939
	<u>83,615</u>	<u>34,276</u>		<u>117,891</u>
Operating expenses:				
Compensation and benefits	54,653	23,708		78,361
Non-compensation expenses	37,006	19,811	(72) ^B	56,745
	<u>91,659</u>	<u>43,519</u>	<u>(72)</u>	<u>135,106</u>
Operating loss	(8,044)	(9,243)	72	(17,215)
Income tax expense (benefit)	(2,487)	1,003		(1,484)
	<u>(5,557)</u>	<u>(10,246)</u>	<u>72</u>	<u>(15,731)</u>
Net loss per common share:				
Basic	\$ (0.15)	(0.15)		(0.41)
Diluted	\$ (0.15)	(0.15)		(0.41)
Weighted average common shares outstanding:				
Basic	36,079	70,026		38,681 ^A
Diluted	36,079	70,026		38,681 ^A
A				
Historical Rodman average shares outstanding	36,079			
Pro forma Rodman equivalent shares to be issued	2,602			

38,681

B

Elimination of Hudson's historical intangible asset
amortization

72

15

Summary Pro Forma Condensed Combined Financial Information (cont d)

Year Ended December 31, 2009

(amounts in thousands, except per share amounts)

	<u>Rodman</u>	<u>Hudson</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Revenues:				
Investment banking	\$ 90,433			90,433
Merchant banking	36,018			36,018
Commissions	4,423	16,983		21,406
Conference fees	1,598			1,598
Principal transactions	(512)	21,482		20,970
Interest and other income	265	669		934
	<u>132,225</u>	<u>39,134</u>		<u>171,359</u>
Operating expenses:				
Compensation and benefits	62,437	25,472		87,909
Non-compensation expenses	27,708	20,610		48,318
	<u>90,145</u>	<u>46,082</u>		<u>136,227</u>
Operating income (loss)	42,080	(6,948)		35,132
Income tax benefit	3,913	12		3,925
	<u>45,993</u>	<u>(6,936)</u>		<u>39,057</u>
Less: Net income to non-controlling interest	18,695			18,695
Net income (loss) to common stockholders	<u>\$ 27,298</u>	<u>(6,936)</u>		<u>20,362</u>
Net income (loss) per common share:				
Basic	<u>\$ 0.77</u>	<u>(0.14)</u>		<u>0.53</u>
Diluted	<u>\$ 0.73</u>	<u>(0.14)</u>		<u>0.51</u>
Weighted average common shares outstanding:				
Basic	<u>35,588</u>	<u>50,128</u>		<u>38,190A</u>
Diluted	<u>37,399</u>	<u>50,128</u>		<u>40,001A</u>
A	<u>Basic</u>	<u>Diluted</u>		
Historical Rodman average shares outstanding	35,588	37,399		
Pro forma Rodman equivalent shares to be issued	2,602	2,602		
	<u>38,190</u>	<u>40,001</u>		

Pro Forma Condensed Combined Statement of Financial Condition Data:
(amounts in thousands)

	<u>December 31, 2010</u>	
Cash and cash equivalents	\$	18,564
Financial instruments owned, at fair value	\$	42,517
Total assets	\$	94,092
Total liabilities	\$	35,807
Common stockholders' equity	\$	58,285

RISK FACTORS

By voting in favor of the proposal to approve and adopt the Merger Agreement and approve the Merger, you will be choosing to invest in Rodman common stock. An investment in Rodman common stock may involve significant risk. You should carefully consider the following risk factors, as well as the other information contained in this proxy statement/prospectus, including the annexed documents, which are incorporated by reference into this proxy statement/prospectus, in evaluating whether to vote your shares to approve and adopt the Merger Agreement and approve the Merger. This summary of risks is not exhaustive. New risks may emerge from time to time and it is not possible to predict all risk factors, nor can we assess the impact of all factors on the Merger and the combined company following the Merger or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in or implied by any forward-looking statements.

Risks Related to the Merger

As a holder of Hudson common stock, if the Merger is completed, you will receive a fixed number of shares of Rodman common stock for each share of Hudson common stock you own notwithstanding any changes in the value of Hudson common stock or Rodman common stock.

Upon completion of the Merger, each share of Hudson common stock will be exchanged for a fixed number of shares of Rodman common stock. There will be no adjustment for changes to reflect the market price of either Hudson common stock or Rodman common stock or the operating and financial performance of either company. Accordingly, the specific dollar value of the Rodman common stock that you will receive upon completion of the Merger will depend on the market value of Rodman common stock at the time of completion of the Merger. The Merger may not be completed immediately following the Meeting if all regulatory approvals have not yet been obtained and other conditions have not been satisfied or waived. Neither company is permitted to terminate the Merger Agreement or re-solicit the vote of Hudson stockholders solely because of changes in the market prices of either company's common stock or because of changes in the operating and financial performance of either company that do not amount to a material adverse effect, as defined in the Merger Agreement. Stock price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in Rodman's and Hudson's respective current and anticipated businesses and operations as well as regulatory considerations. Many of these factors are beyond Rodman's and Hudson's control. Additionally, future sales of substantial amounts of Rodman common stock in the public market, or the availability of such shares for sale, could adversely affect the market price of Hudson common stock and Rodman common stock. You should obtain current market quotations for shares of Rodman common stock and for shares of Hudson common stock. We cannot assure you that the value of the Rodman common stock that you will receive in the Merger will not decline prior to or after the Merger.

Hudson directors and executive officers have interests that may influence them to support and approve the Merger.

Some of the directors and executive officers of Hudson may receive certain benefits as a result of the Merger, including employment agreements and continuing indemnification against liabilities. They may also have certain Hudson stock options and other equity awards and existing employment terms that provide them with interests in the Merger, such as accelerated vesting of restricted stock and stock options in certain circumstances following the closing of the Merger that are different from, or are in addition to, the interests of other stockholders in the Merger. As a result, these directors and officers may be more likely to vote to approve and adopt the Merger Agreement and approve the Merger than if they did not have these interests. Some of these executive officers and directors have already agreed to vote in favor of the proposal to approve and adopt the Merger Agreement and approve the Merger. Certain Hudson stockholders, who, in the aggregate, own approximately 52.1% of the voting power of the outstanding shares of Hudson common stock entitled to vote at the Meeting, have agreed to vote in favor of the Merger Agreement and the Merger. For a description of some of these interests, see Proposal One: The Merger Interests of Certain Persons in the Merger; The Merger Agreement Treatment of Hudson Stock Option, Other Equity-Based Awards and Warrants; Employee Matters; Other Covenants and Agreements; and Other Agreements Related to the Merger beginning on pages 78 and 87, respectively.

The market price of the shares of Rodman common stock may be affected by factors different from those affecting the shares of Hudson common stock.

Upon completion of the Merger, holders of Hudson common stock will become holders of Rodman common stock. The businesses of Rodman differ from those of Hudson in certain respects and, accordingly, the results of operations of the combined company and the market price of Rodman common stock following the Merger may be affected by factors different from those currently affecting the independent results of operations of Rodman and Hudson. For example, Rodman's financial performance

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depends relatively more on its investment banking business which is principally focused on growth sectors in the economy, including healthcare, China, energy and metals and mining.

On the other hand, Hudson's financial performance depends relatively more on trading volume and general market conditions.

As a result of the Merger, the financial performance of the combined firm, from the perspective of current Rodman stockholders, will be relatively more subject to the risks associated with Hudson's sales and trading business and, from the perspective of current Hudson stockholders, will be relatively more subject to the risks associated with Rodman's investment banking businesses. For a discussion of the businesses of Rodman and Hudson and of certain factors to consider in connection with those businesses, see *Rodman & Renshaw Capital Group, Inc. Business and Financial Information* beginning on page 97 and *Hudson Holding Corporation Business and Financial Information* beginning on page 129.

The market price of Hudson common stock prior to the Merger may also not be reflective of Hudson's underlying current operating and financial performance or its longer term prospects because the market price for the Hudson shares may begin to track the share price of Rodman common stock if investors assume that the Merger is likely to be completed.

Rodman and Hudson may experience difficulties, unexpected costs and delays in integrating their businesses, business models and cultures and the combined company may not realize synergies, efficiencies or cost savings from the Merger.

Rodman and Hudson have operated and, until the Merger is completed, will continue to operate, independently. The success of the combined company following the completion of the Merger may depend in large part on the ability to integrate the two companies' businesses, business models and cultures. In particular, investment banking businesses such as Hudson's and Rodman's depend to a large degree on the efforts and performance of individual employees whose efforts and performance may be affected by any difficulties in the integration of the businesses. In the process of integrating Rodman and Hudson, Rodman may experience difficulties, unanticipated costs and delays. The challenges involved in the integration may include:

the necessity of coordinating geographically disparate organizations and addressing possible differences in corporate and regional cultures and management philosophies;

managing the combined company at geographically separate locations that employ a significant number of employees;

retaining personnel from different companies and integrating them into a new business culture while maintaining their focus on providing consistent, high-quality client service;

integrating information technology systems and resources;

integrating accounting systems and adjusting internal controls to cover Hudson's operations;

unforeseen expenses or delays associated with the transaction;

performance shortfalls at one or both of the companies as a result of the diversion of management's attention to the transaction; and

meeting the expectations of clients with respect to the integration.

The integration of certain operations, in particular the two companies' research and brokerage businesses, following the transaction will take time and will require the dedication of significant management resources, which may temporarily distract management's attention from the ongoing businesses of the combined company. Employee uncertainty and lack of focus during the integration process may also disrupt the businesses of the combined company.

It is possible that the integration process could result in the loss of key employees, diversion of each company's management's attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect the combined company's ability to maintain relationships with clients and employees or the ability to achieve the anticipated benefits of the transaction, or could reduce the combined company's earnings or otherwise adversely affect the business and financial results of the combined company. In addition, the integration process may strain the combined company's financial and managerial controls and reporting systems and procedures. This may result in the diversion of management and financial resources from the combined company's core business objectives.

Even if Rodman and Hudson are able to integrate their businesses and operations successfully, there can be no assurance that this integration will result in any synergies, efficiencies or cost savings or that any of these benefits will be achieved within a specific time frame.

Any of these factors could adversely affect the combined company's business and results of operations.

If Rodman is unable to integrate Hudson personnel successfully or retain key Hudson or Rodman personnel after the Merger is completed, the combined company's business may suffer.

Rodman's ability to obtain and successfully execute its business depends upon the personal reputation, judgment, business generation capabilities and project execution skills of Rodman's and Hudson's senior professionals. Any management disruption or difficulties in integrating Rodman's and Hudson's professionals could result in a loss of clients and customers or revenues from clients and customers and could significantly affect the combined company's business and results of operations.

The success of the Merger will depend in part on Rodman's ability to retain the talents and dedication of the professionals currently employed by Rodman and Hudson. It is possible that these employees might decide not to remain with Rodman or Hudson while Rodman and Hudson work to complete the Merger or with Rodman after the Merger is completed. If key employees terminate their employment, or insufficient numbers of employees are retained to maintain effective operations, the combined company's business activities might be adversely affected, management's attention might be diverted from successfully integrating Hudson's operations to hiring suitable replacements, and the combined company's business might suffer. In addition, Rodman and Hudson might not be able to locate suitable replacements for any key employees that leave either company or offer employment to potential replacements on reasonable terms.

Integration of Hudson's operations with Rodman's operations may impair Rodman's ability to achieve the expected benefits of the Merger.

Following completion of the Merger, Rodman expects to make changes to certain aspects of each of the companies' operations to integrate Hudson's operations with those of Rodman. In addition, Rodman expects that the Merger could affect each of the companies' existing client relationships or its ability to enter into new client relationships. Any changes that Rodman makes to each of the companies' operations could disrupt their businesses and client relationships and could materially and adversely affect Rodman's ability to achieve the expected benefits of the transaction and its business and results of operations.

The Merger is subject to conditions to closing that could result in the Merger being delayed or not consummated, which could negatively impact Rodman's and Hudson's stock price and the combined company's future business and operations. In order to obtain required regulatory approvals, Rodman may become subject to conditions that it does not currently anticipate.

The Merger is subject to conditions to closing as set forth in the Merger Agreement, including obtaining the requisite Hudson's stockholder approval, regulatory approvals, Hudson having in excess of \$2.5 million in Net Liquid Assets on the Closing Date and holders of not more than 5% of the outstanding shares of Hudson common stock perfecting their statutory appraisal rights. If any of the conditions to the transaction are not satisfied or, where permissible, not waived, the Merger will not be consummated. Failure to consummate the transaction could negatively impact Hudson's stock price, future business and operations, and financial condition. Any delay in the consummation of the Merger or any uncertainty about the consummation of the Merger may adversely affect the future businesses, growth, revenue and results of operations of Rodman, Hudson or the combined company.

The Merger is subject to regulatory approvals. These regulatory approvals may not be received, or may be received later than anticipated. Regulatory approvals that are received may impose restrictions or conditions that restrict the combined company's activities or otherwise adversely affect the combined company's business and results of operations.

The delay in closing the planned Merger could have an adverse effect on Hudson's revenues in the near-term.

To the extent a prolonged delay in completing the Merger creates uncertainty among Hudson's clients, such delay could have an adverse effect on Hudson's results of operations, and quarterly revenues could be substantially below market expectations and could cause a reduction in the stock price of Hudson common stock.

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Merger.

The pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Merger for several reasons. For example, the pro forma financial statements have been derived from the historical financial statements of Rodman and Hudson and certain adjustments and assumptions have been made regarding the combined company after giving effect to the Merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the Merger. For example, the impact of any incremental costs incurred in integrating the two companies is not

reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the Merger may not be consistent with, or evident from, these pro forma financial statements.

In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the Merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company. See the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page F-64.

Rodman and Hudson expect to incur significant costs associated with the Merger.

Rodman estimates that it will incur direct transaction costs of approximately \$0.6 million associated with the Merger. Hudson estimates that it will incur direct transaction costs of approximately \$1.0 million, which will be recognized as expenses as incurred. Rodman and Hudson believe the combined entity may incur charges to operations, which are not currently reasonably estimable, in the quarter prior to the one in which the Merger is completed, in the quarter in which the Merger is completed and, possibly, the following quarters as well, to reflect costs associated with integrating the two companies. There can be no assurance that the combined company will not incur additional material charges in subsequent quarters to reflect additional costs associated with the Merger and the integration of the two companies. Although Rodman expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow Rodman to offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

The Merger may not be accretive and may cause dilution to Rodman's earnings per share, which may negatively affect the market price of Rodman common stock.

Rodman expects to achieve various operating cost savings and efficiencies following a transition and integration period. As a result, Rodman expects the transaction to be neutral to earnings by the fourth quarter of 2011 and accretive in 2012. This expectation is based on preliminary estimates which may materially change. Rodman could also encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to Rodman's earnings per share or decrease or delay the expected accretive effect of the Merger and cause a decrease in the price of Rodman common stock.

The shares of Rodman common stock to be received by Hudson stockholders if the Merger is approved and consummated will have different rights from the shares of Hudson common stock.

Upon completion of the Merger, Hudson stockholders will become Rodman stockholders and their rights as stockholders will be governed by Rodman's certificate of incorporation and bylaws. The rights associated with Hudson common stock are different from the rights associated with Rodman common stock. Please see "Comparison of Rights of Rodman & Renshaw Capital Group, Inc. Stockholders and Hudson Holding Corporation Stockholders" beginning on page 88 for a discussion of the different rights associated with Rodman and Hudson common stock.

The termination fee and restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire Hudson.

Until the completion of the Merger, with limited exceptions, the Merger Agreement prohibits Hudson from entering into an alternative acquisition transaction with, or soliciting any alternative Acquisition Proposal from, another party. Hudson has agreed under certain circumstances to pay Rodman a termination fee equal to \$350,000, including where the Hudson board of directors withdraws its support of the Merger to enter into a business combination with a third party. These provisions could discourage other companies from trying to acquire Hudson even though those other companies might be willing to offer greater value to Hudson stockholders than Rodman has offered in the Merger.

Risks Related to Hudson if the Merger Is Not Completed

If the Merger is not completed, the price of Hudson common stock and future business and operations could be harmed.

If the Merger is not completed, Hudson may be subject to the following material risks, among others:

Hudson may not be able to find a party willing to pay an equivalent or more attractive exchange ratio than the Exchange Ratio offered by Rodman;

the price of Hudson common stock may decline to the extent that the current market price of Hudson common stock reflects an assumption that the Merger will be completed;

certain of Hudson's costs related to the Merger, such as legal, accounting and certain financial advisory fees, must be paid even if the Merger is not completed;

Hudson would not realize the benefits it expects by being part of a combined company with Rodman, as well as the potentially enhanced financial position as a result of being part of the combined company;

the diversion of management attention from Hudson's day-to-day business and the unavoidable disruption to its employees and its relationships with clients as a result of efforts and uncertainties relating to Hudson's anticipated Merger with Rodman may detract from Hudson's ability to grow revenues and minimize costs, which, in turn may lead to a loss of market position that Hudson could be unable to regain if the Merger does not occur;

under the Merger Agreement, Hudson is subject to certain restrictions on the conduct of its business prior to completing the Merger which may affect its ability to execute certain of its business strategies; and Hudson may not be able to continue its present level of operations, may need to scale back its business and may not be able to take advantage of future opportunities or effectively respond to competitive pressures, any of which could have a material adverse effect on its business and results of operations. Hudson's capital requirements have been and will continue to be significant. Hudson has limited regulatory net capital and also cash and cash equivalents, and relies on working capital to fund its operations. At December 31, 2010, Hudson's regulatory net capital was \$3.1 million, which was \$2.1 million in excess of its requirement of \$1.0 million. In the event that Hudson continues to sustain losses from operations to fund its regulatory net capital and working capital needs, it will need to raise working capital immediately through a debt or equity financing, if available, or curtail operations.

Stockholders may sell substantial amounts of Hudson common stock in the public market, which is likely to depress the price of Hudson common stock.

A significant number of shares of Hudson common stock may be sold at any time prior to the Merger. If Hudson current stockholders sell Hudson common stock in the public market prior to the Merger, it is likely that arbitrageurs will acquire such shares. These arbitrageurs would likely sell all such shares in the public market immediately following any announcement, or anticipated announcement, that the Merger with Rodman failed, or will likely fail, to close for regulatory or other reasons, which in turn would likely cause the market price of Hudson common stock to decline.

In addition to the other negative effects on Hudson, all such sales of Hudson common stock might make it more difficult for Hudson to sell equity or equity-related securities in the future if the Merger with Rodman is not completed.

Risks Related to Hudson

In addition to the other information set forth in this report, you should carefully consider the following factors which could materially affect Hudson's business, financial condition or future results of operations. Although the risks described below are those that Hudson believes are the most significant, these are not the only risks facing Hudson. Additional risks and uncertainties not currently known to Hudson or that Hudson currently does not deem to be material also may materially affect Hudson's business, financial condition or future results of operations. Hudson may amend or supplement these risk factors from time to time in other reports it files with the SEC.

There is substantial doubt about Hudson's ability to continue as a going concern if it is unable to complete the Merger. In that case, if Hudson does not generate significant revenue or secure financing, Hudson may be required to cease or curtail our operations.

Hudson has incurred significant losses and negative cash flows from operations in the past, and these results have had a negative impact on Hudson's financial condition. There can be no assurance that Hudson's business will become profitable in the future and that additional losses from operations will not be incurred. If these trends continue in the future, they could have a material adverse effect on Hudson's financial condition. Based on Hudson's internal forecasts and assumptions regarding its short term cash requirements, in the event the Merger is not consummated and Hudson is unable to locate additional funding on acceptable terms, Hudson believes that it may not have sufficient working capital or regulatory net capital to support its current operating plans through December 31, 2011. This raises substantial doubt about Hudson's ability to continue as a going concern.

Although Hudson expects the Merger to result in a combined entity with substantially improved capital resources, consummation of the Merger is subject to various conditions, and Hudson can provide no assurance that it will successfully consummate the Merger.

In the event that Hudson fails to complete the Merger and continues to incur losses from operations to fund its working capital and regulatory net capital needs, it will need to raise working capital through a debt or equity financing, which may not be on favorable terms to

Hudson, if available at all, or conduct another business combination, which may not be on as favorable terms as the Merger. Furthermore, Hudson may not be able to continue its present level of operations, may need to scale back its business and may not be able to take advantage of future opportunities or effectively respond to competitive pressures, any of which could have a material adverse effect on its business and results of operations.

Hudson's audited financial statements were prepared under the assumption that it will continue its operations on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. Hudson's financial statements do not include any adjustments that might be necessary if it is unable to continue as a going concern. If Hudson cannot continue as a going concern, its stockholders will lose some or all of their investment in Hudson.

In addition, Hudson's customers, employees, vendors, correspondent institutions, and others with whom Hudson does business may react negatively to the substantial doubt about Hudson's ability to continue as a going concern. This negative reaction may lead to heightened concerns regarding Hudson's financial condition that could result in a significant loss in customer relationships, key employees, vendor relationships and Hudson's ability to do business with correspondent institutions upon which it relies.

Stock market volatility and other securities industry risks could adversely affect Hudson's business.

Substantially all of Hudson's revenues are derived from securities market activities. As a result, Hudson is directly affected by economic and political conditions, broad trends in business and finance and changes in volume and price levels of securities transactions. In recent years, the U.S. securities markets have been very volatile, which has periodically reduced trading volume and net revenues. The tightening of credit, the threat of terrorist attacks and the global financial crisis and other events have also resulted in substantial market volatility and accompanying reductions in trading volume and net revenues. Severe market fluctuations or weak economic conditions could reduce Hudson's trading volume and net revenues and adversely affect Hudson's profitability.

Hudson is subject to market exposure and could be adversely affected by a decrease in the price of securities which Hudson holds in its trading accounts.

Hudson conducts its market-making activities predominantly as principal, which subjects Hudson's capital to significant risks. These activities involve the purchase, sale or short sale of securities for Hudson's own account and, accordingly, involve risks of price fluctuations and illiquidity, or rapid changes in the liquidity of markets that may limit or restrict Hudson's ability to either resell securities Hudson purchases or to repurchase securities Hudson sells in such transactions. From time to time, Hudson may have large position concentrations in securities of a single issuer or issuers engaged in a specific industry, which might result in higher trading losses than would occur if Hudson's positions and activities were less concentrated. Further, Hudson may trade on margin, which permits it to borrow funds from Hudson's clearing broker in order to take positions for Hudson's own account that exceed the available funds that Hudson has deposited with its clearing broker, which might result in higher trading losses than would occur if Hudson's positions and activities were restricted to its funds on deposit. The success of Hudson's market-making activities primarily depends upon its ability to attract order flow, the skill of its personnel, general market conditions, the amount of, and volatility in, its quantitative market-making and program trading portfolios, effective hedging strategies, the price volatility of specific securities and the availability of capital. To attract order flow, Hudson must be competitive on price, size of securities positions traded, liquidity, order execution, technology, reputation and client relationships and service. In Hudson's role as a market maker, Hudson attempts to derive a profit from the difference between the prices at which Hudson buys and sells securities. However, competitive forces often require Hudson to match the quotes other market makers display and to hold varying amounts of securities in inventory. By having to maintain inventory positions, Hudson is subject to a high degree of risk. There can be no assurance that Hudson will be able to manage such risk successfully or that Hudson will not experience significant losses from such activities.

There is a risk that Hudson's future operating results may fluctuate significantly.

Hudson may experience significant variation in its future results of operations. These fluctuations may result from, among other things:

introductions of or enhancements to market-making services by Hudson or its competitors;

the value of Hudson's securities positions and Hudson's ability to manage the risks attendant thereto;

the volume of Hudson's market-making activities;

the dollar value of securities traded;

volatility in the securities markets;

Hudson's market share with institutional clients;

Hudson's ability to manage personnel, overhead and other expenses, including Hudson's occupancy expenses under its office leases

the strength of Hudson's client relationships; the amount of, and volatility in, Hudson's quantitative market-making and program trading portfolios;

changes in payments for order flow and clearing costs;

the addition or loss of executive management and sales, trading and technology professionals;

compensation expenses associated with recruiting new employees;

legislative, legal and regulatory changes;

legal and regulatory matters;

geopolitical risk;

the amount and timing of capital expenditures and divestitures;

the incurrence of costs associated with acquisitions and dispositions;

investor sentiment;

technological changes and events;

seasonality; and

competition and market and economic conditions.

If demand for Hudson's services declines due to any of the above factors, and Hudson is unable to timely adjust its cost structure, Hudson's operating results could be materially and adversely affected.

Hudson's traders may take larger risks than permitted which could result in large losses.

Although Hudson requires its traders to adhere to certain position limits (generally no more than \$500,000 in total positions for the most experienced traders), sometimes a trader takes a position beyond these limits and subjects Hudson to greater risks. Hudson has established procedures to guard against this, including real-time position monitoring which should promptly alert management to any excessive risks. However, there can be no assurance that management will be able to guard against all risks taken by each employee.

Hudson is dependent on its clearing brokers, which may go out of business or charge Hudson for a default by a counterparty to a trade.

As a market maker, the majority of Hudson's securities transactions are conducted as principal with broker-dealer and institutional counterparties located in the United States. Hudson clears its securities transactions through two unaffiliated clearing brokers. Under the terms of the agreements between Hudson and its clearing brokers, the clearing brokers have the right to charge Hudson for losses that result from a counterparty's failure to fulfill its contractual obligations. No assurance can be given that any such counterparty will not default on its obligations, which default could have a material adverse effect on Hudson's business, financial condition and operating results. In addition, at any time, a substantial portion of Hudson's assets are held by its clearing brokers and, accordingly, Hudson is subject to credit risk with respect to such clearing brokers. Consequently, Hudson is reliant on the ability of its clearing brokers to adequately discharge their obligations on a timely basis. Hudson is also dependent on the solvency of such clearing brokers. Any failure by the clearing brokers to adequately discharge their obligations on a timely basis, or failure by the clearing brokers to remain solvent, or any event adversely affecting the clearing brokers, could have a material adverse effect on Hudson's business, financial condition and operating results. If Hudson's clearing brokers were to go out of business or decide not to continue to act as Hudson's clearing broker, its operating results would be adversely affected until Hudson could replace them.

Reduced market volume, price and liquidity can impact Hudson's revenues.

Hudson's revenues may decrease in the event of a decline in market volume, prices or liquidity. Declines in the volume of securities transactions and in market liquidity generally result in lower revenues from market-making activities. Lower price levels of securities may also result in reduced revenue capture, and thereby reduced revenues from market-making transactions, as well as result in losses from declines in the market value of securities held in inventory. Sudden sharp declines in market values of securities can result in illiquid markets, declines in the market values of securities held in inventory, the failure of buyers and sellers of securities to fulfill their obligations and settle their trades, and increases in claims and litigation. Any decline in market volume, price or liquidity or any other of these factors could have a material adverse effect on Hudson's business, financial condition and operating results.

Hudson operates in a highly regulated industry and compliance failures could adversely affect its business.

The securities industry is subject to extensive regulation covering all aspects of the securities business. The various governmental authorities and industry self-regulatory organizations that supervise and regulate Hudson generally have broad enforcement powers to censure, fine, issue cease-and-desist orders or suspend or expel Hudson or any of Hudson's officers or employees who violate applicable laws or regulations. Hudson may also be subject to an enforcement action for failure to supervise if any of its employees or traders violates applicable laws or regulations. Hudson's ability to comply with all applicable laws and rules is largely dependent on its establishment and maintenance of compliance and reporting systems, as well as its ability to attract and retain qualified compliance and other personnel. If Hudson does not comply with the rules and regulations established, it could be subject to disciplinary or other regulatory or legal actions in the future. In addition, it is possible that any past noncompliance could subject Hudson to future civil lawsuits, the outcome of which could have a material adverse effect on Hudson's financial condition and operating results.

Hudson is required to keep accurate books and records. There is considerable fluctuation during any year and from year-to-year in the volume of transactions Hudson must process. Hudson records security transactions and posts its books daily. Operations personnel monitor operations to determine compliance with applicable laws, rules and regulations. Failure to keep current and accurate books and records can render Hudson liable to disciplinary action by governmental and self-regulatory authorities, as well as to claims by its clients.

Hudson has a prior disciplinary record with FINRA, which could have an adverse effect on its ability to operate if Hudson becomes subject to additional FINRA disciplinary action.

During the period from approximately 1990 through the present, Hudson was cited by FINRA for violations of FINRA's Rules of Fair Practice and Marketplace Rules on at least 20 occasions and was fined amounts ranging from \$250 to \$82,500. The total amount of such fines was approximately \$405,000. On January 8, 2009, FINRA accepted Hudson's Letter of Acceptance, Waiver and Consent to settle with FINRA on a violation limited to failure to tailor anti-money

laundering procedures to include market making and trading, plus a \$10,000 fine. The existence of such prior violations could have an adverse effect on Hudson should such violations recur under the supervision of current management. On or about January 28, 2011, Hudson agreed to settle with FINRA eight separate outstanding regulatory reviews from 2007, 2008 and 2009 related to trading and market-making activities for censures and fines in the aggregate amount of \$95,000.

Hudson faces substantial competition that could reduce its market share and harm its financial performance.

All aspects of Hudson's business are highly competitive. Hudson competes directly with national and regional full service broker-dealers and, to a lesser extent, with discount brokers, investment advisors and certain commercial banks. The financial services industry has become considerably more concentrated as numerous securities firms have either ceased operations or have been acquired by or merged into other firms. These mergers and acquisitions have increased competition from these firms, many of which have significantly greater capital and financial and other resources than Hudson has. With respect to retail brokerage activities, certain regional firms with which Hudson competes have operated in certain markets longer than Hudson has and have established long-standing client relationships. Hudson also competes with others in the financial services industry in recruiting registered representatives and new employees as well as retaining current personnel, and Hudson could be adversely affected in the event it was to lose registered representatives who either individually or in the aggregate accounted for a significant percentage of Hudson's revenues.

Hudson may not be able to grow.

As part of its long-term growth strategy, Hudson intends to recruit individual registered representatives and to evaluate the acquisition of other firms or assets that would complement or expand its business in attractive service markets or that would broaden its customer relationships. Hudson cannot assure you that it will be successful in its recruiting efforts or that it will be able to identify suitable acquisition candidates available for sale at reasonable prices or that it will be able to consummate any acquisition. Further, future acquisitions may further increase Hudson's leverage or, if it issues equity securities to pay for the acquisitions, stockholders could suffer dilution of their interests. If Hudson is unable to raise adequate capital, it will not have the available funds to create new products.

Hudson's investments have increased its costs.

Hudson has made investments to: (1) expand the number of available trading positions by renting additional office space; (2) increase trade automation by internally developing new and enhanced software; (3) increase the trade throughput capacity by enhancing the trading platform to a third party dedicated complex; (4) expand the number of securities in which Hudson provided execution solutions or made markets; (5) expand the institutional sales division through the addition of experienced producers with established account relationships; and (6) expand the service offerings through the addition of an investment banking and research division as well as a retail brokerage presence. These investments have increased Hudson's cost base. There can be no assurance that Hudson will be able to successfully generate additional revenues to cover these increased costs.

Hudson's new investment banking and research initiatives may not be successful.

Hudson recently announced the acquisition of the equity research and investment banking business of a Chicago based equity research boutique focused on the needs of institutional investors, which expands Hudson's investment banking and research services. There can be no assurance that Hudson will be successful in offering such services.

If Hudson loses senior management and key personnel or is unable to attract and retain skilled employees when needed, Hudson may not be able to operate its business successfully.

Hudson is particularly dependent on the services of Anthony M. Sanfilippo and Keith Knox. The loss of either of these individuals would have a significant negative effect on Hudson's business. In addition, Hudson believes that its success will depend in large part upon its continued ability to attract and retain skilled traders and other employees, which is difficult because the market for the services of such individuals is very competitive. On October 12, 2009, Hudson entered into a three-year employment agreement, effective as of October 12, 2009, with Mr. Anthony M. Sanfilippo, whereby he will serve as Chief Executive Officer. On January 4, 2007, Hudson entered into a five-year employment agreement, effective as of January 1, 2007, as amended May 19, 2008 and October 12, 2009, with Mr. Keith R. Knox, whereby he will continue in his present position as President.

Hudson needs to comply with stringent capital requirements and therefore if Hudson suffers significant losses it could be below its net capital requirement.

Many of the regulatory agencies and industry self-regulatory organizations that regulate Hudson have stringent rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. Net capital is the net worth of a broker or dealer, less deductions for

certain types of assets. Currently, Hudson is required to maintain net capital of at least \$1,000,000. As of December 31, 2010, Hudson had net capital of approximately \$3,148,000 and excess net capital (that is, net capital less required net capital) of approximately \$2,148,000. Hudson intends to maintain such funds as are necessary to operate its business and to maintain

compliance with regulatory net capital requirements. Changes to its business may require Hudson to maintain higher net capital levels than currently. If Hudson fails to maintain the required net capital, Hudson may be subject to suspension or revocation of its licenses. If such net capital rules are changed or expanded, or if there is an unusually large charge against Hudson's net capital, Hudson might be required to limit or discontinue those portions of its business that require the intensive use of capital. A large operating loss or charge against net capital could adversely affect Hudson's ability to expand or even maintain its present level of business.

Hudson's exposure to litigation and regulatory proceedings could adversely affect its business.

From time to time, Hudson is named as a defendant in various routine actions that are incidental to its activities as a broker-dealer, including civil actions, arbitrations, plus proceedings and investigation by self-regulatory organizations. Many aspects of the securities brokerage business involve substantial risks of liability. In recent years, there has been an increasing incidence of litigation involving the securities brokerage industry, including class action and other suits that generally seek substantial damages, including in some cases punitive damages. Any such litigation brought in the future could have a material adverse effect on Hudson's business, financial condition and operating results.

From time to time, Hudson may also be engaged in various legal proceedings not related to securities. Hudson currently maintains various types of insurance, including employment practices liability insurance, the proceeds of which may help to reduce the amount Hudson may otherwise be required to pay with respect to certain types of claims. However, there can be no assurance that Hudson will be able to obtain such insurance in the future. If it can be obtained, the price for such insurance may be unreasonable. Even if such insurance is in force, the amount of any award may exceed the maximum coverage provided by such insurance, in which case Hudson will be required to pay any uncovered portion. Specifically, Hudson is involved in legal proceedings related to the approval of the Merger by its board of directors and alleged unpaid employment compensation. See Hudson Holding Corporation Business and Financial Information Legal Proceedings.

Hudson's revenues have been dependent on certain key employees and/or customers.

One of Hudson's employees accounted for 15% of Hudson's total revenues, which included revenues from a single customer that accounted for 8% of Hudson's total revenues, during the fiscal year ended March 31, 2010. During the fiscal year ended March 31, 2009, Hudson had one such active employee who accounted for 27% of total revenues, which included revenues from a single customer that accounted for 18% of total revenues. This employee ceased employment on January 19, 2010.

Hudson's common stock is not actively traded, so you may be unable to sell at or near ask prices or at all if you need to sell your Shares to raise money or otherwise desire to liquidate your Shares.

Hudson's common stock has historically been sporadically traded on the OTC Bulletin Board, meaning that the number of persons interested in purchasing Hudson's common stock at or near ask prices at any given time has been, and may continue to be, relatively small or non-existent. This situation is attributable to a number of factors, including the fact that Hudson is a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if Hudson came to the attention of such persons, they tend to be risk-averse and would be reluctant to purchase or recommend the purchase of Hudson's shares until such time as Hudson becomes more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in Hudson's shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. Hudson cannot assure you that a broader or more active public trading market for its common stock will develop or be sustained, or that current trading levels will be sustained or not diminish.

The application of the penny stock rules to Hudson's common stock could limit the trading and liquidity of the common stock, adversely affect the market price of Hudson's common Stock and increase your transaction costs to sell those shares.

As long as Hudson is not listed on an exchange and the trading price of Hudson's common stock is below \$5.00 per share, the open-market trading of Hudson's common stock will be subject to the penny stock rules. The penny stock rules impose additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 together with their spouse). These regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the associated risks. Under these regulations, certain brokers who recommend such securities to persons other than established customers or certain accredited investors must make a special written suitability determination regarding such a purchaser and receive such purchaser's written agreement to a transaction prior to sale. These regulations have the effect of limiting the trading activity of Hudson's common stock, reducing the liquidity of an investment in the common stock and increasing the transaction costs for sales and purchases of Hudson's common stock as compared to other securities.

The market price for Hudson's common stock is particularly volatile given Hudson's status as a relatively unknown company with a small and thinly traded public float, limited operating history and variable profitability which could lead to wide fluctuations in Hudson's share price. You may be unable to sell Hudson's common stock at or above your purchase price, which may result in substantial losses to you.

The market for Hudson's common stock is characterized by significant price volatility when compared to seasoned issuers, and Hudson expects that its share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in Hudson's share price is attributable to a number of factors. First, as noted above, Hudson's common stock is sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by Hudson's stockholders may disproportionately influence the price of those shares in either direction. The price for Hudson's shares could, for example, decline precipitously in the event that a large number of shares of Hudson's common stock are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, Hudson is a speculative or risky investment due to Hudson's limited operating history, and uncertainty of future market acceptance for Hudson's services. As a consequence of this enhanced risk, more risk adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer.

Many of these factors are beyond Hudson's control and may decrease the market price of Hudson's common stock, regardless of its operating performance. Hudson cannot make any predictions or projections as to what the prevailing market price for its common stock will be at any time, including as to whether its common stock will sustain its current market price, or as to what effect that the sale of shares or the availability of common stock for sale at any time will have on the prevailing market price.

In addition, the market price of Hudson's common stock could be subject to wide fluctuations in response to:

quarterly variations in Hudson's revenues and operating expenses;

fluctuations in interest rates;

the operating and stock price performance of other companies that investors may deem comparable to Hudson; and

news reports relating to trends in Hudson's markets or general economic conditions.

The stock market in general and the market prices for brokerage-related companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of Hudson's stock, regardless of its operating performance.

Stockholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The occurrence of these patterns or practices could increase the volatility of Hudson's share price.

Hudson does not intend to pay dividends to its stockholders.

Hudson does not have any current plans to pay dividends to its stockholders. Hudson currently intends to retain any future earnings for funding growth and, therefore, does not expect to pay any dividends in the foreseeable future.

Five current or former employees beneficially own approximately 31% of the voting capital stock of Hudson, and two other stockholders beneficially own approximately 41% of the voting capital stock of Hudson.

Anthony Sanfilippo, Keith R. Knox, Mark Leventhal (a former officer of Hudson Securities), Martin Cunningham (Hudson's former chief executive officer), and Steven Winkler (an employee and retired trading manager at Hudson's wholly owned broker-dealer subsidiary), each beneficially own approximately 8.9%, 4.4%, 5.0%, 6.5% and 5.8% of Hudson's common stock, respectively. Kenneth Pasternak and Seaport Hudson LLC beneficially own approximately 21.2% and 19.8% of Hudson's common stock, respectively. Accordingly, these persons could substantially influence the outcome of any matters submitted to a vote of Hudson's stockholders, management policy or financing decisions. For example, in connection with the Merger Agreement, Rodman entered into the Voting Agreement with Seaport Hudson LLC, Anthony M. Sanfilippo, Keith R. Knox, Peter Zugschwert, John C. Shaw, Jr., John W. Mascone, Kenneth D. Pasternak, Ajay Sareen and Frank J. Drazka, who, as of the Record Date, collectively own approximately 52.1% of the voting power of the outstanding shares of Hudson common stock.

Pursuant to the Voting Agreement, such persons agreed to vote their shares of Hudson in favor of the proposal to approve and adopt the Merger Agreement and approve

the Merger. For a discussion of the Voting Agreement, see Other Agreements Relating to the Merger The Stockholder Voting Agreement on page 87.

Future sales of Hudson's common stock could put downward selling pressure on Hudson's shares, and adversely affect the stock price. There is a risk that this downward pressure may make it impossible for a stockholder to sell its shares at any reasonable price, if at all.

Future sales of substantial amounts of Hudson's common stock in the public market, or the perception that such sales could occur, could put downward selling pressure on Hudson's shares, and adversely affect the market price of Hudson's common stock.

The large number of recently issued shares to investors and shares issuable upon exercise of warrants could have an adverse affect on Hudson's stock price.

Hudson has issued a large number of shares of common stock and warrants to purchase common stock in private placements in the recent past. For example, in November and December 2009, Hudson completed private placement offerings and sold an aggregate of \$4,837,500 of its common stock at a purchase price of \$0.25 a share. The offerings were subscribed by several existing shareholders, an institutional investor and certain officers, directors and employees. In connection with the financing, Hudson issued 19,350,000 shares of common stock. Hudson also entered into a registration rights agreement with the investors that provides for two demand registrations at the Hudson's expense.

The price of Hudson's common stock could significantly decline if such investors elect to sell their shares in the market at times when there are not a corresponding number of investors willing to purchase such shares. In addition, the large number of outstanding warrants will likely cause an overhang on the market and prevent the market price of the common stock from rising above the warrant exercise price.

There are limitations in connection with the availability of quotes and order information on the OTC Bulletin Board.

Trades and quotations on the OTC Bulletin Board involve a manual process, and the market information for such securities cannot be guaranteed. In addition, quote information, or even firm quotes, may not be available. The manual execution process may delay order processing and intervening price fluctuations may result in the failure of a limit order to execute or the execution of a market order at a significantly different price. Execution of trades, execution reporting and the delivery of legal trade confirmation may be delayed significantly. Consequently, one may not be able to sell shares of Hudson's common stock at the optimum trading prices.

There are delays in order communication on the OTC Bulletin Board.

Electronic processing of orders is not available for securities traded on the OTC Bulletin Board and high order volume and communication risks may prevent or delay the execution of one's OTC Bulletin Board trading orders. This lack of automated order processing may affect the timeliness of order execution reporting and the availability of firm quotes for shares of Hudson's common stock. Heavy market volume may lead to a delay in the processing of OTC Bulletin Board security orders for shares of Hudson's common stock, due to the manual nature of the market. Consequently, one may not be able to sell shares of Hudson's common stock at the optimum trading prices.

There is limited liquidity on the OTC Bulletin Board.

When fewer shares of a security are being traded on the OTC Bulletin Board, volatility of prices may increase and price movement may outpace the ability to deliver accurate quote information. Due to lower trading volumes in shares of Hudson's common stock, there may be a lower likelihood of one's orders for shares of Hudson's common stock being executed, and current prices may differ significantly from the price one was quoted by the OTC Bulletin Board at the time of one's order entry.

There is a limitation in connection with the editing and canceling of orders on the OTC Bulletin Board.

Orders for OTC Bulletin Board securities may be canceled or edited like orders for other securities. All requests to change or cancel an order must be submitted to, received and processed by the OTC Bulletin Board. Due to the manual order processing involved in handling OTC Bulletin Board trades, order processing and reporting may be delayed, and one may not be able to cancel or edit one's order. Consequently, one may not be able to sell shares of Hudson's common stock at the optimum trading prices.

A large number of restricted stock shares and options to purchase shares that have been granted, and may continue to be granted, to new and existing employees may dilute the ownership interest of existing shareholders and may adversely affect the stock price.

As of March 11, 2011, options to purchase 9,030,000 shares of Hudson's common stock are outstanding and an additional 5,679,818 shares are available for issuance as awards of restricted stock and stock options under Hudson's two stock incentive plans (the 2005 Plan and the 2007 Plan). The shares issuable under both the 2005 Plan and 2007 Plan have been registered for potential resale by grantees under both the 2005 Plan and the 2007 Plan. Given the effectiveness of such registration statement, the holders have the ability to sell the shares upon exercise of the options or the vesting of restricted stock. The price of Hudson's common stock could significantly decline if such investors elect to sell their shares in the market at times when there are not a corresponding number of investors willing to purchase such shares. In addition, the large number of outstanding options will likely cause an overhang on the market and prevent the market price of Hudson's common stock from rising above the option exercise prices.

Increased dealer compensation could adversely affect Hudson's stock price.

The dealer's spread (the difference between the bid and ask prices) may be large and may result in substantial losses to the seller of shares of Hudson's common stock on the OTC Bulletin Board if the stock must be sold immediately. Further, purchasers of shares of Hudson's common stock may incur an immediate paper loss due to the price spread. Moreover, dealers trading on the OTC Bulletin Board may not have a bid price for shares of Hudson's common stock on the OTC Bulletin Board. Due to the foregoing, demand for shares of Hudson's common stock on the OTC Bulletin Board may be decreased or eliminated.

Shares eligible for future sale may adversely affect the market.

In addition, from time to time, certain of Hudson's stockholders may be eligible to sell all or some of their shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act of 1933, as amended, which is referred to herein as the Securities Act, subject to certain limitations. Shares held for more than six months by non-affiliates may be available for public sale without regard to volume limitations and by means of ordinary brokerage transactions in the open market pursuant to Rule 144.

In general, pursuant to Rule 144, after satisfying a six-month holding period: (i) affiliated stockholders (subject to aggregation principles) may, under certain circumstances, sell within any three-month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale and (ii) non-affiliated stockholders may sell without such limitations, provided Hudson is current in its public reporting obligations. Any substantial sale of Hudson's common stock pursuant to Rule 144 or pursuant to any resale prospectus may have a material adverse effect on the market price of Hudson's securities.

Risks Relating to Rodman

In addition to the other information set forth in this report, you should carefully consider the following factors which could materially affect Rodman's business, financial condition or future results of operations. Although the risks described below are those that Rodman believes are the most significant, these are not the only risks facing Rodman. Additional risks and uncertainties not currently known to Rodman or that Rodman currently does not deem to be material also may materially affect Rodman's business, financial condition or future results of operations. Rodman may amend or supplement these risk factors from time to time in other reports it files with the SEC.

Rodman has limited cash and cash equivalents and relies on cash flow from operations to operate its business.

At December 31, 2010 and 2009, Rodman had cash and cash equivalents of approximately \$14.8 million and \$15.5 million, respectively. Rodman's capital requirements have been and will continue to be significant. Historically, Rodman has relied upon cash flow from operations to

fund its working capital needs. In light of current market and economic conditions, it is difficult, if not impossible, to predict the timing or likelihood of generating revenues. In the event that Rodman does not generate adequate cash flow from operations to fund its working capital needs, it will need to raise working capital through a debt or equity financing, if available, or curtail operations.

Limitations on access to capital could impair Rodman's ability to expand its businesses.

Liquidity, or ready access to funds, is essential to financial services firms. Rodman & Renshaw, LLC (referred to as R&R), Rodman's broker-dealer subsidiary, is subject to the net capital requirements of the SEC, FINRA and various self-regulatory organizations of which it is a member. These requirements typically specify the minimum level of net capital a broker-dealer must maintain and also mandate that a significant part of its assets be kept in relatively liquid form. Any failure to comply with these net capital requirements could impair Rodman's ability to expand its business. Furthermore, there are laws that authorize regulatory bodies to block or reduce R&R's ability to distribute funds to Rodman. As a result, regulatory actions could impede Rodman's access to funds that it needs to make payments on obligations or dividend payments. In addition, because Rodman holds equity interests in its subsidiaries, its rights as an equity holder to the assets of these subsidiaries may not materialize, if at all, until the claims of the creditors of these subsidiaries are satisfied.

Rodman derives a significant portion of its revenues from the life science sector, primarily from biotechnology companies. Adverse developments or a decline in investor interest in this sector could harm its business.

In 2010, 2009 and 2008, 31%, 53% and 59%, respectively, of Rodman's revenues were derived from the life science sector. Rodman anticipates that the life science sector (primarily biotechnology companies) will continue to account for a significant portion of its revenues in the foreseeable future. The life science sector is known for its volatility due to a number of factors including the following:

- many companies in this sector rely on a single product or class of products;
- the sector is highly regulated;
- a company's success and viability depends on the results of clinical trials, which are unpredictable;
- technological developments;
- disposition of patent applications;
- international respect of patents;
- product recalls;
- general economic conditions and political developments;
- global competition; and
- availability of insurance coverage.

Despite expansion into other sectors, Rodman's revenue and net profits will continue to be subject to the volatility of the life science sector, which could have a detrimental impact on its results of operations.

Rodman derives a significant portion of our revenues from China based companies which could be adversely affected by changes in the political and economic policies of the government of the Peoples Republic of China (PRC).

In 2010, 2009 and 2008, 28%, 24% and 8%, respectively, of Rodman's revenues were derived from the China sector. Rodman's China based revenue is principally derived from companies that are listed on, or seek listing on, a U.S. stock exchange. Under the current government leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activity, greater economic decentralization and globalization. There is no assurance, however, that the government of the PRC will continue to pursue these policies, or that it will not significantly alter these policies from time to time, with or without notice. Further, the China region and markets may experience volatility, political turmoil, uncertainty or difficult economic or market conditions that differ from those in the United States. Any of these changes could negatively impact Rodman's current business and its expansion plans within the China region which could have a negative impact on its revenues and results of operations.

Rodman's growth may depend on its ability to complete acquisitions and integrate operations of acquired businesses and personnel.

Rodman cannot assure you that any of the transactions that it has already completed or that it may complete in the future will be successful and cannot assure you that it will realize the anticipated benefits of these transactions. In fact, these transactions may cause margin fluctuation or otherwise have a material adverse effect upon Rodman's operating results.

Achieving the benefits of acquisitions and new hiring depends on the timely, efficient and successful execution of a number of post-transaction events, including, in the case of acquisitions, integrating the acquired business, personnel, systems and operations into Rodman's business platform, operations and reporting and information systems. In the case of new hires and joint ventures, the post-transaction challenges include integrating the new people into Rodman's corporate culture and managing them properly. Rodman's

ability to integrate new businesses and new hires may be adversely affected by many factors, including the size of the business acquired, the number of and the personality of the people involved and the allocation of our limited management resources among various integration efforts. Integration and management issues may also require a disproportionate amount of our management's time and attention and distract our management from running our historical businesses.

In connection with future acquisitions, Rodman may decide to consolidate the operations of any acquired business with its existing operations or make other changes with respect to the acquired business, which could result in special charges or other expenses. Rodman's results of operations also may be adversely affected by expenses it incurs in making acquisitions and hiring new personnel. For example, in the case of acquisitions, Rodman's results of operations will be impacted by expenses, including legal and accounting fees, incurred in connection with the transaction, amortization of acquisition-related intangible assets with definite lives and by additional depreciation expense attributable to acquired assets. Any of the businesses Rodman acquires may also have liabilities or adverse operating issues, including some that Rodman fails to discover before the acquisition and the indemnity for such liabilities may be limited. Rodman's ability to make any future acquisitions may depend upon obtaining additional financing. Rodman may not be able to obtain additional financing on acceptable terms or at all. To the extent Rodman seeks to acquire other businesses in exchange for its common stock, fluctuations in its stock price could have a material adverse effect on its ability to complete acquisitions.

A principal investing platform, in which Rodman invests its own capital, will expose it to a significant risk of capital loss.

Principal investing involves numerous risks, including illiquidity, loss of invested capital and revaluation. In the past, Rodman has used a portion of its own capital in a variety of principal investment activities, including purchasing shell companies to be used in connection with future financing transactions. From time to time, Rodman also purchases securities offered in financing transactions for which it is acting as placement agent. Rodman also holds a portfolio of equity securities, including stock and warrants that it received as compensation in connection with investment banking assignments. As of December 31, 2010, Rodman had an outstanding investment commitment of \$12.1 million to Aceras BioMedical, which will use those funds to purchase promising compounds or equity securities in early stage companies in the life science and/or biotechnology sectors and its operating budget. Other principal investing activities may involve purchasing securities in other high-risk financings of early-stage, pre-public, or distressed companies. These securities are likely to be restricted as to resale and may, in any event, be highly illiquid. For example, in the case of investments in marketable securities, principal investments could be significant relative to the overall capitalization of the company in which Rodman invests. Resale of a significant amount of these securities might adversely affect their market and/or sales price. Moreover, the companies in which we invest may rely on new or developing technologies or novel business models or concentrate on markets which have not yet developed and which may never develop sufficiently to support successful operations. Even if Rodman makes an appropriate investment decision based on the intrinsic value of an enterprise, it cannot assure you that general market conditions will not cause the market value of our investments to decline. For example, an increase in interest rates, currency fluctuations, a general decline in the stock markets, or other market conditions adverse to companies of the type in which Rodman may invest could result in a decline in the value of its investments or a total loss of its investment. This could materially and adversely impact its financial results and the price of its common stock.

Rodman may also commit its own capital to facilitate client sales and trading activities. The number and size of these transactions may adversely affect its results of operations. To the extent Rodman has long positions in any of those markets, a downturn in the value of those assets or in those markets could result in losses. Conversely, to the extent Rodman has short positions in any of those markets an upturn in those markets could expose us to potentially large losses as it attempts to cover its short positions by acquiring assets in a rising market. These long and short positions and the movement of the market relative to these positions could further contribute to the fluctuations in revenues and earnings, which, in turn, could contribute to volatility in the price of Rodman's common stock.

Rodman's client base and the number of products it offers are limited. Rodman's growth rate will be impaired unless it expands its client base and increases its investment banking revenues.

Rodman derives most of its revenues from investment banking engagements, including placement agent and underwriting fees and strategic advisory fees, which also have higher profit margins than our other categories of revenue. For the years 2010, 2009 and 2008, investment banking transactions accounted for 91%, 68% and 84%, respectively, of Rodman's revenues excluding principal transactions.

Rodman's future growth still largely depends on its ability to generate significant placement agent and underwriting fees. To do so, Rodman must: (i) continue to build up our expertise in the life sciences, metals/mining, energy and China sectors and consider expansion into new sectors; (ii) increase the volume of corporate finance transactions in which it acts as sole or lead manager; and (iii) actively solicit engagements for larger transactions. Significant factors affecting this strategy include Rodman's relatively small size and competition from larger investment banks. Rodman cannot assure you that it will be able to compete effectively for new

investment banking engagements. If Rodman is unable to increase its investment banking revenue, its rate of growth will be adversely affected, which may cause the price of Rodman's common stock to decline.

Rodman's future success depends on its ability to continue to expand its investment banking services into sectors of the economy other than biotechnology.

For the years 2010, 2009 and 2008, investment banking revenues from companies in sectors other than biotechnology and life science were 69%, 47% and 41%, respectively, of Rodman's total investment banking revenues. Since Rodman did not have any particular expertise in sectors other than biotechnology prior to the second quarter of 2008, it relied, in part, on its relationships with institutional investors and private equity funds to make introductions to companies that need capital and on its own ability to identify opportunities to which it can apply its corporate finance know-how. Rodman cannot assure you that it will be able to continue to receive referrals from institutional investor sources or that its expansion into the metals/mining and energy sectors will result in additional investment banking revenues.

Rodman's revenue and profits are highly volatile, which may make it difficult for Rodman to achieve steady earnings growth on a quarterly basis and may cause the price of its common stock to decline. In addition, the investment banking sector can be highly volatile, which could adversely impact its revenues and profits.

Rodman has experienced, and expects to continue to experience, significant variations from period-to-period in its revenues and results of operations. These variations may be attributed in part to the fact that investment banking revenues, which represent the largest portion of its revenues, are typically earned when the financing or merger or acquisition transaction is consummated, the timing of which is uncertain and largely beyond its control. If a transaction fails to close, Rodman will earn little or no revenue despite the fact that it may have devoted considerable resources to, and incurred significant out-of-pocket expenses in connection with, the transaction. As a result, Rodman's business depends a great deal on market conditions as well as the decisions and actions of its clients and interested third parties. For example, a client could delay or terminate financing transactions because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, adverse market conditions or because its business is experiencing unexpected operating or financial problems. In addition, many companies seeking a financing simultaneously explore a merger or sale option. Rodman's investment banking revenues would be adversely affected if companies for which it is acting as placement agent or underwriter were sold and it were not also engaged as a strategic advisor.

Market conditions and valuations for companies in the life science, metals/mining and energy sectors, as well as general market conditions, can materially affect Rodman's financial performance. The nature of Rodman's revenue generation, including the size of transactions, the timing of transaction closings and the sectors in which those transactions occur, make Rodman's future performance difficult to predict and potentially highly variable. Revenues for many of the services Rodman provides are earned only upon the successful completion of a transaction. Accordingly, revenues and net income in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year-to-year and quarter-to-quarter depending on whether and when transactions are completed and the number, size and type of transactions completed. In particular, recent volatility in the capital markets may lead to disruptions that delay or eliminate revenue opportunities.

Rodman's results may be adversely affected in future periods by the volatility of financial instruments in its portfolio.

Rodman may engage in large block trades in a single security or maintain large position concentrations in a single security or warrant, securities or warrants of a single issuer, or securities or warrants of issuers engaged in a specific industry. Any downward price movement in these securities or warrants could result in a reduction of Rodman's revenues and profits in the future.

Rodman's corporate finance and strategic advisory engagements are singular in nature and do not generally provide for subsequent engagements.

Rodman's investment banking engagements are usually transaction specific as opposed to long-term engagements. As such, Rodman must continually seek new engagements even from companies to which it provided services in the past. For this reason, Rodman believes it is important to nurture strong relationships with its clients. Although Rodman has been successful in securing repeat engagements from clients in the past, we cannot assure you that this trend will continue. As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in any subsequent period. If Rodman is unable to generate a substantial number of new engagements that generate fees from new or existing clients, its business, results of operations and financial condition could be adversely affected.

Rodman depends on the services of a limited number of key executives and the loss of their services would have a material adverse effect on its business, operations and financial condition.

Rodman depends on the efforts and reputations of Michael Vasinkevich, its Vice Chairman, Edward Rubin, its Chief Executive Officer and President, and John J. Borer III, its Head of Investment Banking. Their reputations and relationships with clients and potential clients are critical elements in expanding its business, and Rodman's historical and future performance is believed to be strongly correlated to their involvement to date and their continued involvement in Rodman's operations. The loss or reduction of the services of any of Messrs. Vasinkevich, Rubin and/or Borer, due to death, disability, termination of employment or regulatory restriction, could have a material adverse effect on Rodman's operations, including its ability to attract new company clients and to raise capital from institutional investors.

Rodman currently has at-will employment agreements with each of Messrs. Vasinkevich, Rubin and Borer. Rodman cannot assure you that one or more of Messrs. Vasinkevich, Rubin and Borer will not resign, join a competitor or form a competing company or that the restrictive covenants in their employment agreements are enforceable.

The investment banking industry is highly competitive. If Rodman fails to address the challenges posed by this competition, it could lose its leading position in these areas, causing its operating results to suffer.

The investment banking industry is intensely competitive, particularly in those areas in which Rodman specializes (*i.e.*, biotechnology and life science, metals/mining and energy, and PIPE and RD transactions), and is expected to remain so for the foreseeable future. Rodman has experienced intense price competition in its various businesses. Pricing and other competitive pressures in investment banking, including the trends toward multiple book runners, co-managers and multiple financial advisors handling transactions, could adversely affect its revenues, even as the size and number of its investment banking transactions may increase. Many of Rodman's competitors are larger, have greater financial and other resources and longer operating histories than Rodman, giving them a significant competitive advantage. Rodman's principal competitors include Canaccord Adams, Inc., Cowen Group, Inc, Jefferies Group, Inc., JMP Group, Inc, Ladenburg Thalmann Financial Services, Inc., Lazard Ltd., Leerink Swann & Co., Maxim Group, Inc., Oppenheimer & Co., Inc., Piper Jaffray Companies, Roth Capital Partners, LLC, and Stifel Financial Corp. (as a result of its acquisition in May 2010 of Thomas Weisel Partners Group, Inc.). If Rodman expands its business into new sectors and new business lines, it will face competition from other firms as well. Rodman competes on the basis of a number of factors, including the scope and quality of services, price, market focus and industry knowledge, client relationships and reputation. Larger firms provide a broader range of investment banking services to their clients than Rodman does. If Rodman does not address these competitive factors successfully, it may not be able to execute its strategy or even maintain its existing market share. In either case, Rodman's operating results would suffer as would the price of its common stock.

Rodman will likely face competition from larger investment banking firms. In order to compete with them, Rodman may have to increase its operating expenses significantly and/or make larger commitments of capital in its trading and underwriting business. This increases the potential for capital loss, which could adversely impact Rodman's operating results.

Rodman is a relatively small investment bank. Historically it has tried to avoid competing with larger investment banks. However, Rodman expects this to change as we pursue investment banking opportunities with larger companies and engagements for larger transactions. Larger investment banks not only offer a broader range of products and services than Rodman, as compared to Rodman they also have significantly greater financial and marketing resources, greater name recognition, more senior professionals to serve their clients' needs, greater global reach and may have more established relationships with clients. Thus, they are better able to respond to changes in the investment banking industry, compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share.

In addition, financial services firms have begun to make larger and more frequent commitments of capital in many of their activities. In order to win business, they are increasingly committing to purchase large blocks of stock from publicly traded issuers or significant stockholders, instead of the more traditional marketed underwriting process in which marketing is typically completed before an investment bank commits to purchase securities for resale. They are willing to provide debt financing out of internal funds, often giving them a significant competitive advantage. Because Rodman does not have the resources to match these investment banking firms, it may be unable to compete as effectively for larger clients and larger transactions. In that case, Rodman may not be able to execute that part of its strategy, which could have an adverse impact on its operations and financial condition.

Rodman's ability to retain our senior professionals and recruit additional professionals is critical to its strategy and its failure to do so may adversely affect its reputation, business, results of operations and financial condition.

Rodman's ability to obtain and successfully execute the transactions that generate a significant portion of its revenues depends upon the reputation, judgment, business generation capabilities and project execution skills of its senior professionals. The reputations of its senior

professionals and their relationships with its clients are a critical element in obtaining and executing client engagements. Accordingly, retaining these particular employees is critical to Rodman's future success and growth. In addition, Rodman may add investment bankers and other financial professionals. However, turnover in the investment banking industry is high and Rodman encounters intense competition for qualified employees from other companies in the investment banking industry as well as from businesses outside the investment banking industry, such as hedge funds and private equity funds. Rodman has experienced departures

of investment banking and other professionals in the past and losses of key employees may occur in the future. As a result of such departures, Rodman may not be able to retain valuable relationships and some of its clients could choose to use the services of a competitor. We cannot assure you that Rodman's efforts to recruit and retain the required personnel will be successful as the market for qualified financial professionals is extremely competitive. Similarly, we cannot assure you that Rodman's compensation arrangements and non-competition and non-solicitation agreements with its key employees are broad or effective enough to deter or prevent employees from resigning, joining or forming competitors or soliciting Rodman's clients. Further, we cannot assure you that Rodman could successfully enforce our rights under those agreements. If Rodman is unable to retain its senior professionals and/or recruit additional professionals, its reputation, business, results of operations and financial condition will be adversely affected.

Rodman's compensation policy may adversely affect its ability to recruit, retain and motivate our senior managing directors and other key employees, which in turn could adversely affect its ability to compete effectively and to grow its business.

Rodman's target for total compensation and benefits expense is currently 60% of total consolidated revenues less non-cash principal transactions. This target includes equity, equity-based incentives, amortization of forgivable loans and other non-cash employee benefits. Rodman's reliance on equity and equity-based incentives for a significant portion of the compensation package it pays to its senior executives may not be effective, especially if the market price of its common stock declines. This compensation policy could adversely impact the overall compensation its key employees, including its senior executive officers and managing directors, may receive. Rodman's senior executives and managing directors may receive less compensation under this formula than they otherwise would receive at other firms, which would make it more difficult for Rodman to retain its key employees, including its senior executives and managing directors, and attract new key employees.

If Rodman is unable to manage its growth successfully, it may not be able to sustain profitability. Continued growth may place significant demands on Rodman's operational, administrative and financial resources.

Rodman's growth has caused, and if it continues, will continue to cause, significant demands on its operational, administrative and financial infrastructure and increase its expenses. If Rodman does not effectively manage its growth, the quality of its services could suffer, which would adversely affect its operating results and reputation. If Rodman continues to grow, it will have to hire, train and manage a larger work force and improve its financial and management controls and reporting systems and procedures. These systems enhancements and improvements will require significant capital expenditures and allocation of valuable management resources. If the improvements are not implemented successfully, Rodman's ability to manage its growth will be impaired and it may incur significant additional expenditures to address these issues, further impairing our financial condition and profitability. We cannot assure you that Rodman will be able to manage growth effectively and any failure to do so could adversely affect its ability to generate revenues and control expenses.

Rodman's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.

Rodman's risk management strategies and techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk. Rodman is exposed to the risk that third parties that owe Rodman money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, and breach of contract or other reasons. Rodman is also subject to the risk that its rights against third parties may not be enforceable in all circumstances, and, as a result, default risks may arise from events or circumstances that are difficult to detect, foresee or reasonably guard against. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, which, in turn, could adversely affect Rodman. If any of the variety of processes and strategies Rodman utilizes to manage its exposure to various types of risk are not effective, Rodman may incur losses.

Rodman's operations and infrastructure and those of the service providers upon which it relies may malfunction or fail.

Rodman outsources various aspects of its technology infrastructure, including data centers, disaster recovery systems, and wide area networks, as well as most trading applications. Rodman depends on its technology providers to manage and monitor those functions. A disruption of any of the outsourced services would be out of its control and could negatively impact its business. Rodman has experienced disruptions on occasion, none of which has been material to its operations or results. However, we cannot assure you that future disruptions with these providers will not occur or that their impact would not be material.

Rodman also faces the risk of operational failure or termination of relations with any of the clearing agents, exchanges, clearing houses or other financial intermediaries it uses to facilitate securities transactions. Any such failure or termination could adversely affect Rodman's ability to effect transactions and to manage its exposure to risk.

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In addition, Rodman's ability to conduct business may be adversely impacted by a disruption in the infrastructure, including electrical, communications, transportation and other services, that support its businesses and the area in which it is located. This may affect, among other things, Rodman's financial, accounting or other data processing systems. Nearly all of Rodman's employees work in close proximity to each other. Although Rodman has a formal disaster recovery plan in place, if a disruption occurs and its

employees are unable to communicate with or travel to other locations, Rodman's ability to service and interact with its clients may suffer, and it may not be able to implement contingency plans that depend on communication or travel.

Rodman's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Although Rodman takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have an adverse impact on their integrity and/or viability. If one or more of such events occur, this could jeopardize Rodman's or its clients' or counterparties' confidential and other information processed and stored in, and transmitted through, Rodman's computer systems and networks, or otherwise cause interruptions or malfunctions in Rodman's, its clients', our counterparties' or third parties' operations. Rodman may be required to expend significant additional resources to modify its protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications, and it may be subject to litigation and financial losses that are either not insured or not fully covered through any insurance that it maintains.

Rodman may be required to make substantial payments under certain indemnification agreements.

In connection with its conversion from a limited liability company to a corporation, Rodman entered into agreements that provide for it to indemnify its former members against certain tax liabilities relating to pre-conversion periods. If Rodman is required to make payments under these indemnification agreements, its financial condition could be adversely affected.

Difficult market conditions can adversely affect Rodman's business in many ways, which could materially reduce its revenue and/or income.

Rodman's business, operating results and financial condition has been materially and adversely affected by adverse conditions in the global financial markets and adverse economic conditions throughout the world since the third quarter of 2007. 2008 was particularly difficult, marked by the failure or near failure of a number of large and prestigious firms in the financial services industry. Although market conditions improved in 2009 and 2010 and the U.S. economy has begun to recover, Rodman cannot predict the timing, length or extent of any economic recovery. Rodman has no control over the political events and the global and local economic developments that influence market conditions and dynamics.

Rodman's revenues are directly related to the volume and value of investment banking transactions in which it is involved. During periods of unfavorable market or economic conditions, such as those that existed throughout 2008, the first quarter of 2009, and from May 2010 to early September 2010, the volume and size of these transactions decreased, reducing the demand for Rodman's services and increasing price competition among financial services companies seeking those engagements. In addition, weakness in equity markets and diminished trading volume of securities adversely impacted Rodman's sales and trading business. Finally, the general decline in the value of securities adversely impacted Rodman's investment portfolio. The impact of these factors was exacerbated by Rodman's fixed costs and its inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to market and economic conditions.

Significantly expanded corporate governance and public disclosure requirements may result in fewer public offerings and discourage companies from engaging in capital market transactions, which may reduce the number of investment banking opportunities available for Rodman to pursue.

Highly-publicized financial scandals in recent years have led to investor concerns over the integrity of the U.S. financial markets, and have prompted the U.S. Congress, the SEC, NYSE and NASDAQ to significantly expand corporate governance and public disclosure requirements. To the extent that private companies, in order to avoid becoming subject to these new requirements, decide to forego public offerings or elect to be listed on foreign markets, Rodman's underwriting business may be adversely affected. In addition, provisions of the Sarbanes-Oxley law and the corporate governance rules imposed by self-regulatory organizations and stock exchanges have diverted the attention of many companies away from capital market transactions, including securities offerings and acquisition and disposition transactions. In particular, companies that either are or are planning to become public companies are incurring significant expenses in complying with the SEC reporting requirements relating to internal controls over financial reporting, and companies that disclose material weaknesses in such controls under the new standards may have greater difficulty accessing the capital markets. These factors, in addition to adopted or proposed accounting and disclosure changes, may have an adverse effect on Rodman's business.

Financial services firms have been subject to increased scrutiny over the last several years, increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions.

The financial services industry has experienced increased scrutiny from a variety of regulators, including the SEC, the NYSE, NASDAQ, FINRA and state attorney generals. This regulatory and enforcement environment has created uncertainty with respect to a number of transactions that had historically been entered into by financial services firms and that were generally believed to be permissible and appropriate.

Rodman may be adversely affected by changes in the interpretation or enforcement of existing laws and

rules by these governmental authorities and self-regulatory organizations. Each of the regulatory bodies with jurisdiction over Rodman has regulatory powers dealing with many aspects of financial services, including, but not limited to, the authority to impose fines and to grant, cancel, restrict or otherwise impose conditions on the right to carry on particular businesses. For example, a failure to comply with the obligations imposed by the Exchange Act on broker-dealers and the Investment Advisers Act on investment advisers, including record-keeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, or by the Investment Company Act of 1940, could result in investigations, sanctions and reputational damage. Rodman also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities, FINRA or other self-regulatory organizations that supervise the financial markets. Substantial legal liability or significant regulatory action against Rodman could have adverse financial effects on Rodman or harm its reputation, which could harm Rodman's business prospects.

Financial services firms are subject to numerous conflicts of interests or perceived conflicts. The SEC and other federal and state regulators have increased their scrutiny of potential conflicts of interest. Rodman has adopted, and regularly reviews and updates, various policies, controls and procedures to address or limit actual or perceived conflicts. However, appropriately addressing conflicts of interest is complex and difficult and Rodman's reputation could be damaged if we fail, or appear to fail, to appropriately address conflicts of interest. Rodman's policies and procedures to address or limit actual or perceived conflicts may also result in increased costs and additional operational personnel. Failure to adhere to these policies and procedures may result in regulatory sanctions or litigation against Rodman. For example, the research operations of investment banks have been and remain the subject of heightened regulatory scrutiny which has led to increased restrictions on the interaction between equity research analysts and investment banking professionals at securities firms. A number of securities firms in the United States reached a global settlement in 2003 and 2004 with certain federal and state securities regulators and self-regulatory organizations to resolve investigations into the alleged conflicts of interest of research analysts, which resulted in rules that have imposed additional costs and limitations on the conduct of Rodman's business.

PIPE transactions have been subject to intense regulatory scrutiny over the last few years. To the extent the investor interest is reduced as a result, Rodman's business will be adversely affected.

A significant factor in Rodman's growth to date has been its leading position as placement agent in PIPE transactions. These transactions usually can be accomplished in less time and at less cost than registered public offerings. Various regulatory and governmental agencies, including the SEC, have been reviewing PIPE transactions. Periodically, Rodman receives requests for information from the SEC and other regulatory and governmental agencies regarding PIPEs in general or regarding specific transactions. In most cases, these communications include a request for copies of transaction documents. Rodman always complies with these requests. If the SEC or any other regulatory agency promulgates regulations that make it more difficult or expensive to consummate PIPE transactions, investors and issuers may prefer other financing strategies, such as registered public offerings. Since underwriting registered public offerings has not historically been a significant source of revenue for Rodman, any decline in the number of PIPE transactions could have a material adverse impact on Rodman's business, operations and financial condition, which may cause the price of Rodman's common stock to decline.

Rodman's exposure to legal liability is significant, and damages and other costs that it may be required to pay in connection with litigation and regulatory inquiries, and the reputational harm that could result from legal action against, could adversely affect its businesses.

Rodman faces significant legal risks in its businesses and, in recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have been significant. These risks include potential liability under securities or other laws for materially false or misleading statements made in connection with securities offerings and other transactions, employment claims, potential liability for fairness opinions and other advice Rodman provides to participants in strategic transactions and disputes over the terms and conditions of complex trading arrangements.

As an investment banking firm, Rodman depends, to a large extent, on its reputation for integrity and professionalism to attract and retain clients. Moreover, Rodman's role as advisor to its clients on important underwriting or mergers and acquisitions transactions involves complex analysis and the exercise of professional judgment, including rendering fairness opinions in connection with mergers and acquisitions and other transactions. Therefore, Rodman's activities may subject it to the risk of significant legal liabilities to its clients and aggrieved third parties, including its clients' stockholders who could bring securities class action suits against Rodman. Rodman's investment banking engagements typically include broad indemnities from its clients and provisions to limit its exposure to legal claims relating to its services. However, Rodman cannot be certain, and cannot assure anyone, that these provisions will protect us or be enforceable in all cases. As a result, Rodman may incur significant legal and other expenses in defending against litigation and may be required to pay substantial damages for settlements and adverse judgments. Substantial legal liability or significant regulatory action against Rodman could harm its results of operations or reputation, which could adversely affect its business and prospects.

Employee misconduct, which is difficult to detect and deter, could impair Rodman's ability to attract and retain clients and subjecting Rodman to significant legal liability and reputational harm.

Over the past number of years, there have been a number of highly-publicized cases involving fraud or other misconduct by employees in the financial services industry, and there is a risk that Rodman's employees could engage in misconduct that adversely affects its business. For example, Rodman often deals with confidential matters of great significance to its clients. If Rodman employees were to improperly use or disclose confidential information provided by its clients, Rodman could be subject to regulatory sanctions and suffer serious harm to its reputation, financial position, current client relationships and ability to attract future clients. The violation of these obligations and standards by any of Rodman's employees would adversely affect us as well. It is not always possible to deter employee misconduct, and the precautions Rodman takes to detect and prevent this activity may not be effective in all cases. If Rodman employees engage in misconduct, Rodman's business could be adversely affected.

Risks Related to Rodman's Common Stock

We cannot assure you that an active trading market for Rodman's common stock will continue. Any decrease in trading volume could make it more difficult for you to liquidate your position in a timely fashion.

Since October 16, 2007, Rodman's common stock has been listed on the NASDAQ Global Market, trading under the symbol RODM . Since then, there have been periods when Rodman's stock was thinly traded. We cannot assure you that an established and liquid trading market for Rodman's stock will continue. Accordingly, investors should consider the potential lack of liquidity and the long-term nature of an investment in Rodman's common stock prior to investing.

The market price of Rodman's common stock may be volatile.

Since October 16, 2007, the day Rodman's stock commenced trading on the NASDAQ Global Market, through March 14, 2011, the closing sales price of Rodman's common stock has fluctuated from \$6.35 to \$0.19. This wide range could be attributable to a number of factors including one or more of the following:

- actual or anticipated fluctuations in our financial condition or results of operations;
- the success or failure of Rodman's operating strategies and our perceived prospects and those of the financial services industry in general;
- realization of any of the risks described in this section;
- failure to be covered by securities analysts or failure to meet the expectations of securities analysts;
- a decline in the stock prices of peer companies; and
- a discount in the trading multiple of Rodman's common stock relative to that of common stock of certain of Rodman's peer companies due to perceived risks associated with Rodman's smaller size.

As a result, shares of Rodman common stock may trade at prices significantly below the price at the time of the Merger. Furthermore, declines in the price of Rodman common stock may adversely affect our ability to conduct future offerings or to recruit and retain key employees, including managing directors and other key professional employees.

If securities analysts do not publish research or reports or if they downgrade Rodman or the sectors in which it operates, the price of Rodman common stock could decline.

The trading market for Rodman common stock may depend, in part, on research and reports that industry or financial analysts publish about Rodman or the financial services or investment banking industries. Negative reports about us or the financial services or investment banking industries could have an adverse impact on the price of Rodman's stock. In addition, while the financial services and investment banking industries receive extensive coverage, Rodman's stock only receives limited coverage, which may also adversely impact liquidity. Given the limited coverage of Rodman's stock, one negative report could have a disproportionate impact on the price of Rodman's stock.

Provisions contained in Rodman's organizational documents may discourage an acquisition of Rodman, which could adversely impact the price of Rodman common stock.

Rodman's organizational documents contain provisions that may impede the removal of directors and may discourage a third party from making a proposal to acquire Rodman. Rodman's board of directors has the ability to take defensive measures that could impede or thwart a

takeover such as, under certain circumstances, adopting a poison pill or causing Rodman to issue preferred stock that has greater voting rights than Rodman's common stock. If a change of control or change in management that Rodman's

stockholders might otherwise consider to be favorable is prevented or delayed, the market price of Rodman's common stock could decline.

Rodman is controlled by a limited number of stockholders whose interests may differ from those of its other stockholders.

Immediately after the Merger, Rodman's largest stockholder, Paul Revere, LLC (Revere), will own approximately 35% of Rodman's outstanding common stock. Revere is owned one-third by Edward Rubin, Rodman's Chief Executive Officer and President, and a trust for the benefit of certain members of his family, and two-thirds by a trust, the beneficiaries of which are the wife and children of Michael Vasinkevich, Rodman's Vice Chairman. In addition, Rodman's directors and other senior executive officers collectively will own approximately 18% of Rodman's common stock immediately after the Merger, excluding any shares owned by Revere. As a result, Rodman's public stockholders, which will include the former holders of Hudson's common stock, have limited influence over the election of directors, management, company policies or major corporate decisions that require the consent of stockholders owning a majority of Rodman's issued and outstanding shares of common stock, such as mergers, consolidations and the sale of all or substantially all of Rodman's assets. This could adversely impact the market value of Rodman's common stock.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and assumptions, that, if they never materialize or if they prove incorrect, could cause the actual results of Rodman and its consolidated subsidiaries, Hudson and its consolidated subsidiaries, or the combined company, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements about: future financial and operating results; Rodman's, Hudson's and the combined company's plans, objectives, strategies, expectations and intentions; products and operations; Rodman's and Hudson's expectations with respect to the synergies, costs and charges, capitalization and anticipated financial impacts of the Merger and related transactions; benefits of the transaction to customers, stockholders and employees; the expected tax treatment of the transaction; approval and adoption of the Merger Agreement and approval of the Merger by Hudson stockholders; the satisfaction of the closing conditions to the Merger; the timing of the completion of the Merger; future economic conditions or performance; statements of belief; and any statements of assumptions underlying any of the foregoing.

When used in this proxy statement/prospectus (including the annexed documents, which are incorporated by reference into this proxy statement/prospectus), words such as may, might, should, expects, anticipates, believes, estimates, intends, plans, seeks, will, projects, predicts, continues and similar expressions or the negatives of these terms and other comparable terminology help to identify these forward-looking statements.

Most of the risks, uncertainties and assumptions referred to above are outside Rodman's and Hudson's control and are difficult to predict. Factors that may cause such differences include, but are not limited to:

those discussed and identified in public filings with the SEC made by Rodman or Hudson;

the inability to close the Merger in a timely manner;

the inability to complete the Merger due to the failure to obtain stockholder approval and adoption of the Merger Agreement and approval of the Merger or the failure to satisfy other conditions to completion of the Merger, including required regulatory approvals;

the failure of the transaction to close for any other reason;

the possibility that the integration of Hudson's business and operations with those of Rodman may be more difficult and/or take longer than anticipated, may be more costly than anticipated and may have unanticipated adverse results relating to Hudson's or Rodman's existing businesses;

the challenges of integrating and retaining key employees;

the effect of the announcement of the transaction on Rodman's, Hudson's or the combined company's respective business relationships, operating results and business generally;

the possibility that the anticipated synergies and cost savings of the Merger will not be realized, or will not be realized within the expected time period;

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the possibility that the Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;

the challenges of maintaining and increasing revenues on a combined company basis following the close of the Merger;

diversion of management's attention from ongoing business concerns;

general competitive, economic, political and market conditions and fluctuations;

actions taken or conditions imposed by the United States or foreign governments;

adverse outcomes of pending or threatened litigation or government investigations; and

the impact of competition in the industries and in the specific markets in which Rodman and Hudson, respectively, operate.

The foregoing list is not exclusive. Additional information concerning these and other risks is discussed under the caption entitled "Risk Factors" beginning on page __. All forward-looking statements included in this proxy statement/prospectus and all subsequent written and oral forward-looking statements concerning Rodman, Hudson, the Meeting, the Merger, the related transactions or other matters attributable to Rodman or Hudson, or any person acting on their behalf, are expressly qualified in their entirety by the cautionary statements above. These forward-looking statements speak only as of the date on which the statements were made and Rodman and Hudson expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statement included in this proxy statement/prospectus or elsewhere, whether written or oral, relating to the matters discussed in this proxy statement/prospectus.

COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The following table sets forth, for the years ended December 31, 2010 and 2009, selected per share data for Rodman common stock on a historical and pro forma combined basis and for Hudson common stock on a historical and pro forma combined equivalent basis. The pro forma data provided in the table below is for informational purposes only and is not necessarily an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. You should read the data provided below with the historical consolidated financial statements and related notes of Rodman for the years ended December 31, 2010 and 2009 and included elsewhere in this proxy statement/prospectus and in Rodman's Annual Report on Form 10-K for the years ended December 31, 2010 and 2009 and filed with the SEC, and of Hudson for its year ended March 31, 2010 and for the three and nine month periods ended December 31, 2010 included elsewhere in this proxy statement/prospectus and in Hudson's Annual Report on Form 10-K for the year ended March 31, 2010 and Quarterly Report on Form 10-Q for the period ended December 31, 2010 filed with the SEC. The pro forma combined equivalent data is calculated by multiplying each pro forma combined per share amount by the Exchange Ratio. For further information, please see the section titled "Where To Find More Information" beginning on page 96. You should also read the section titled "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page F-64.

Pro Forma Per Share Data:

	Year Ended 30-Dec-10	Year Ended 31-Dec-09
Rodman historical data:		
Loss per basic share	\$ (0.15)	\$ 0.77
Loss per diluted share	(0.15)	0.73
Net book value per share	1.57	1.79
Hudson historical data:		
Loss per basic share	(0.15)	(0.14)
Loss per diluted share	(0.15)	(0.14)
Net book value per share	0.08	0.22
Pro forma combined data:		
Loss per basic share	(0.41)	0.53
Loss per diluted share	(0.41)	0.51
Net book value per share	1.62	1.94
Pro forma combined equivalent data:		
Loss per basic share	(0.01)	0.02
Loss per diluted share	(0.01)	0.02
Net book value per share	0.05	0.07

COMPARATIVE PER SHARE MARKET PRICE DATA

Rodman common stock trades on the NASDAQ Global Market under the symbol RODM. Hudson common stock is quoted on the OTC Bulletin Board under the symbol HDHL.OB.

The following table shows, for the calendar quarters indicated, the high and low sale prices per share, adjusted for stock splits and the like, for Rodman common stock as reported on the NASDAQ Global Market and the high and low bid and asked prices for Hudson common stock as quoted on the OTC Bulletin Board. OTCBB prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Historical Prices:

Calendar Year	Rodman Common Stock		Hudson Common Stock	
	High	Low	High	Low
2010				
First Quarter	\$ 5.53	\$ 3.91	\$ 0.44	\$ 0.19
Second Quarter	4.62	2.50	0.22	0.13
Third Quarter	3.10	1.99	0.18	0.07
Fourth Quarter	3.28	2.06	0.12	0.06
2009				
First Quarter	1.10	0.19	0.35	0.06
Second Quarter	1.04	0.29	0.65	0.25
Third Quarter	6.35	0.98	0.42	0.20
Fourth Quarter	6.16	3.22	0.35	0.16

The following table sets forth the high, low and closing prices for Rodman common stock as reported on the NASDAQ Global Market and the high and low bid and asked prices for Hudson common stock as quoted on the OTC Bulletin Board, on January 4, 2011, the last trading day before Rodman and Hudson announced the Merger, and March 14, 2011, the last full trading day for which prices were available as of the date of this proxy statement/prospectus. The table also includes the value of Hudson common stock on an equivalent price per share basis, as determined by reference to the value of Merger Consideration to be received in respect of each share of Hudson common stock in the Merger. These equivalent prices per share reflect the fluctuating value of the Rodman common stock that Hudson stockholders would receive in exchange for each share of Hudson common stock if the Merger was completed on either of these dates, applying the Exchange Ratio of 0.0338 shares of Rodman common stock for each share of Hudson common stock.

	Rodman Common Stock			Hudson Common Stock			Equivalent Value of Hudson Common Stock		
	High	Low	Close	High	Low	Close	High	Low	Close
January 4, 2011	\$ 2.72	\$ 2.68	\$ 2.69	\$ 0.11	\$ 0.10	\$ 0.10	\$ 0.09	\$ 0.09	\$ 0.09
March 14, 2011	\$ 2.14	\$ 2.02	\$ 2.06	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.07	\$ 0.07	\$ 0.07

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Hudson stockholders in determining whether to adopt the Merger Agreement. Hudson stockholders are urged to obtain current market quotations for Rodman and Hudson common stock and to review carefully the other information contained in this proxy statement/prospectus, when considering whether to adopt the Merger Agreement. See *Where You Can Find Additional Information* beginning on page 96.

As of March 11, 2011, there were approximately 160 holders of record of Hudson common stock and 260 holders of record of Rodman common stock.

Dividend Data

Hudson has never declared or paid a cash dividend on its common stock. Rodman has never declared or paid a cash dividend on its common stock. Rodman currently intends to retain any future earnings to fund the growth and development of its business and does not anticipate paying any cash dividends in the foreseeable future.

THE HUDSON HOLDING CORPORATION SPECIAL MEETING

Date, Time and Place; Attending the Meeting

The Meeting will take place on Friday, April 8, 2011, at 111 Town Square Place, 15th Floor, Jersey City, New Jersey 07310, commencing at 10:00 a.m., Eastern Daylight Time. Check in will begin at 9:30 a.m., Eastern Daylight Time, and you should allow ample time for check-in procedures.

You are entitled to attend the Meeting only if you were a Hudson stockholder as of the close of business on March 11, 2011, the Record Date, or hold a valid proxy for the Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name is subject to verification against the list of stockholders of record on the Record Date prior to being admitted to the meeting. If you are not a stockholder of record but hold shares through a broker or nominee, you should be prepared to provide proof of beneficial ownership on the Record Date, such as your most recent account statement or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Meeting.

Matters to be Considered

At the Meeting, Hudson stockholders will be asked to vote on the following proposals:

to approve and adopt the Merger Agreement and approve the Merger;

to approve the adjournment of the Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to approve and adopt the Merger Agreement and approve the Merger at the time of the Meeting; and

to conduct any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting.

A copy of the Merger Agreement is attached to this proxy statement/prospectus as Annex A. You are encouraged to read the Merger Agreement and the other information contained in this proxy statement/prospectus (including the annexed documents which are incorporated by reference into this proxy statement/prospectus) carefully before deciding how to vote.

Record Date; Stock Entitled to Vote

You are entitled to vote only if you were a Hudson stockholder of record as of the close of business on the Record Date. Each share of Hudson common stock is entitled to one vote for each matter to be voted on. On March 11, 2011, there were 76,965,367 shares of Hudson common stock outstanding held by approximately 160 stockholders of record.

Quorum

The holders of shares entitled to cast a majority of the total votes of the outstanding shares of Hudson common stock on the Record Date, present in person or represented by proxy at the Meeting and entitled to vote, will constitute a quorum for the transaction of business at the Meeting. Withheld votes, abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum.

Vote Required

The following are the vote requirements for the various proposals:

Approval and Adoption of the Merger Agreement and Approval of the Merger: You may vote FOR, AGAINST or ABSTAIN with respect to the approval and adoption of the Merger Agreement and approval of the Merger. To approve and adopt the Merger Agreement and approve the Merger, the holders of a majority of the voting power of the outstanding shares of Hudson common stock must vote FOR the approval and adoption of the Merger Agreement and the approval of the Merger. **Because approval is based on the affirmative vote of a majority of the combined voting power of the shares outstanding, your failure to vote or an abstention will have the same effect as a vote against approval and adoption of the Merger Agreement and against approval of the Merger.**

All Other Matters: You may vote FOR, AGAINST or ABSTAIN with respect to all other matters at the Meeting. The holders of a majority of the voting power present in person or represented by proxy at the Meeting must vote FOR the approval of each other matter for it to pass. Abstentions will have the same effect as voting against the proposal to approve such other matter. **Because approval is based on the affirmative vote of the combined voting power of all shares present in person or by proxy, your failure to vote or an abstention will have the same effect as a vote against the adjournment of the Meeting.**

Abstentions

Abstentions are counted as present and entitled to vote for purposes of determining a quorum. Abstentions have the same effect as a vote against each proposal.

Voting of Proxies by Holders of Record

If your shares are registered directly in your name with Hudson's transfer agent, you are considered the stockholder of record with respect to those shares and this proxy statement/prospectus is being sent directly to you by Hudson. As a stockholder of record, you have the right to grant your proxy directly to Hudson or any other person or to vote in person at the Meeting. Hudson has enclosed a proxy card for your use. As a stockholder of record, you may submit a proxy for your shares in writing by simply filling out, signing and dating your proxy card and mailing it in the prepaid envelope included with this proxy statement/prospectus. You will need to follow the instructions when you submit a proxy using any of these methods to make sure your shares will be voted at the meeting.

If you hold shares through a broker or other nominee, you may instruct your broker or other nominee to vote your shares by following the instructions that the broker or nominee provides to you with these materials. See *Shares Held in Street Name* below.

You also may vote by submitting a ballot in person if you attend the Meeting. However, we encourage you to submit a proxy by mail by completing your proxy card, even if you plan to attend the Meeting. You will also need to present photo identification and comply with the other procedures described above in *Date, Time and Place; Attending the Meeting* above. Giving a proxy will not affect your right to vote your Hudson shares if you attend the Meeting and want to vote in person.

Your vote is important. Accordingly, please submit your proxy by mail, whether or not you plan to attend the Meeting in person. Proxies must be received by 11:59 p.m., Eastern Daylight Time, on April 7, 2011.

Shares Held in Street Name

If your shares are held in a brokerage account, bank account or by another nominee, you are considered the beneficial owner of shares held in street name, and this proxy statement/prospectus is being forwarded to you by your broker, bank or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote and are also invited to attend the Meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the Meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares, giving you the right to vote the shares instead of the broker, bank or nominee holding your shares. Your broker, bank or nominee has enclosed voting instructions for your use in directing your broker, bank or nominee how to vote your shares.

If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your shares as being present at the meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the NYSE, we believe that brokers do not have discretionary authority to vote on the proposal to approve and adopt the Merger Agreement. Accordingly, a broker non-vote will have the same effect as a vote against approval and adoption of the Merger Agreement and approval of the Merger.

Revocability of Proxies

A proxy submitted by proxy card may be revoked before the vote is cast by the designated proxy by (i) giving written notice to our Secretary and General Counsel at 111 Town Square Place, Suite 1500A, Jersey City, New Jersey 07310, (ii) subsequently submitting another proxy bearing a later date or (iii) attending the Meeting and voting in person. Attending the Meeting without voting will not revoke your previously submitted proxy.

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Hudson stockholders whose shares are held in the name of a broker or nominee may change their votes by submitting new voting instructions to their brokers or nominees. Those Hudson stockholders may not vote their shares in person at the Meeting unless they obtain a signed proxy from the stockholder of record giving them the right to vote their shares.

Election Inspector

Hudson's General Counsel will act as election inspector and will certify the election results and perform any other acts required by the DGCL.

Solicitation of Proxies

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the Hudson board of directors to be voted at the Meeting.

Hudson is paying for costs associated with the preparation of the proxy statement/prospectus and related materials and solicitation of proxies from Hudson stockholders. Although there are no formal agreements to do so, Hudson will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses incurred in sending proxy materials to Hudson's stockholders and beneficial owners of Hudson common stock in accordance with applicable rules. In addition to solicitation by mail, Hudson directors, officers and employees may solicit proxies in person, by telephone, by fax or by electronic or other means of communication, but they will not receive special compensation for such activities.

PROPOSAL ONE: THE MERGER

The following is a discussion of the proposed Merger and the Merger Agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the Merger Agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference herein. You are urged to read this entire proxy statement/prospectus, including the Merger Agreement, for a more complete understanding of the Merger.

Structure of the Merger

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, Hudson will be merged with and into Merger Sub, with Merger Sub surviving the Merger as a wholly owned subsidiary of Rodman, and Hudson's existence as an independent entity will terminate. Upon completion of the Merger, each share of Hudson common stock issued and outstanding immediately prior to the effective time of the Merger, except for shares of Hudson common stock held directly and indirectly by Hudson and Rodman (which will be canceled if the Merger is approved and consummated), will be converted into the right to receive, subject to adjustment under limited circumstances as described below, that number of shares of Rodman common stock (the Exchange Ratio) as shall be equal to (i) (a) \$7,000,000 plus or minus, as the case may be, (b) 50% of the Adjustment Amount, divided by (ii) \$2.69, divided by (iii) the aggregate number of shares of common stock of Hudson issued and outstanding on the closing date of the Merger.

As of the Record Date, there were 76,965,367 shares of Hudson common stock outstanding and Hudson has, pursuant to the Merger Agreement agreed (with certain exceptions) not to issue any additional shares of its common stock. Based upon 76,965,367 shares of Hudson common stock being outstanding immediately prior to the effectiveness of the Merger, and without taking into account any Adjustment Amount the Exchange Ratio would be 0.0338. For each \$100,000 of Adjustment Amount, the Exchange Ratio will be adjusted upward or downward, as the case may be, by 0.0005.

Other than possible adjustments as described in the next paragraph below, the Exchange Ratio is fixed, which means that it will not change between now and the date of the Merger, including as a result of a change in the trading price of Rodman common stock or Hudson common stock or the operating and financial performance of either company. Therefore, the value of the shares of Rodman common stock received by Hudson stockholders in the Merger will depend on the market price of Rodman common stock at the time the Merger is completed.

The Exchange Ratio will be adjusted if between signing of the Merger Agreement and the effective time of the Merger the outstanding Rodman common stock or Hudson common stock, or securities convertible or exchangeable into or exercisable into Rodman common stock or Hudson common stock, is changed into a different number of shares or different class by reason of any distribution, reclassification, stock split (including a reverse split), stock dividend or distribution, recapitalization, merger, subdivision, issuer tender or exchange offer with a Record Date within such period, or any similar event occurs, in which case the Exchange Ratio will be adjusted to eliminate the effects of such event on the Merger Consideration.

Background of the Merger

The Rodman board of directors, together with its senior management, continually reviews, considers and evaluates the securities industry and considers acquisitions on a strategic and opportunistic basis. Over the past several years, Rodman has grown substantially, primarily by completing and successfully integrating a number of acquisitions. The focus of these acquisitions has been to expand Rodman's client base, the range of financial services and products available to its clients and its geographic reach, all to develop and enhance Rodman's position as a premier middle-market focused investment bank.

Hudson continually evaluates strategic opportunities to strengthen its business and to deliver value to its stockholders, in particular by seeking ways to diversify its business and expand its platform to provide a wider array of products and services for its clients. Over the past three years, Hudson's board of directors and senior management engaged in numerous meetings with various firms to explore strategic partnerships and other alternatives.

On June 1, 2010, Michael Vasinkevich, Rodman's Vice Chairman and David Horin, Rodman's Chief Financial Officer, met with Anthony Sanfilippo, Hudson's Chief Executive Officer, and Ajay Sareen, Hudson's Chief Administrative Officer, at Rodman's New York headquarters to discuss their respective firm's platforms, history and market opportunities. At the conclusion of the meeting, both firms suggested that they continue discussions. Prior to the initial meeting with Rodman, Hudson management had had

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a series of meetings with another broker dealer (the Firm), which was a potential candidate to integrate onto the Hudson platform. Hudson signed a non-disclosure agreement with this Firm in April 2010 and was in the process of conducting due diligence with respect to a potential transaction with the Firm at the time the initial Rodman meeting took place.

On June 2, 2010, Rodman presented Hudson with a proposed form of mutual non-disclosure agreement.

On June 7, 2010, Edward Rubin, Rodman's Chief Executive Officer, David Horin and Michael Vasinkevich met with Ajay Sareen at Hudson's Jersey City headquarters. At the meeting, the participants discussed the potential strategic and cultural alignment between the two firms as well as potential areas in which the two firms complement one another and potential cost synergies if the firms were to combine. Edward Rubin reiterated that the firms should enter into a mutual non-disclosure agreement, in the form previously provided.

On June 14, 2010, Edward Rubin, Michael Vasinkevich, and David Horin met with Anthony Sanfilippo and Ajay Sareen at Rodman's New York headquarters to further explore the potential of a strategic transaction. At the conclusion of the meeting, Rodman and Hudson determined that if discussions with respect to a strategic acquisition were to continue, they would need to enter into a mutual non-disclosure agreement.

Following the June 14, 2010 meeting, Hudson's management evaluated Rodman's offer to enter into a non-disclosure agreement but determined that the due diligence process with the Firm was in full force and consuming Hudson's resources and that Hudson was not in a position at that time to engage with Rodman simultaneously. Hudson advised Rodman that it was in the middle of evaluating a strategic acquisition and, accordingly, declined to enter into the non-disclosure agreement and discussions terminated.

On June 28, 2010, at a regularly scheduled meeting of the Hudson board of directors, management notified the board of the Rodman meetings and reviewed the approach Hudson was making to the Firm to acquire its businesses.

On July 12, 2010, Hudson presented a preliminary offer to the Firm, with the intent of integrating its business lines onto the Hudson platform. However, in mid-August 2010, discussion with the Firm broke off.

On July 29, 2010, at a regularly scheduled meeting of the Rodman board of directors, Mr. Vasinkevich briefed Rodman's board of directors on the initial conversations with Hudson.

On September 15, 2010, at a regularly scheduled meeting of the Hudson board of directors, the board of directors determined, following a management presentation of Hudson's business and finances, that if market volumes did not improve, the impact of that on Hudson's cash balance and projected cash burn rate favored the exploration of strategic alternatives. The board of directors also advised management to interview bankers to act as a strategic advisor to Hudson.

Following the September 15, 2010 Hudson board of directors meeting, management of Hudson contacted Rodman and reinitiated discussions related to the possibility of a combination transaction. Hudson commenced its review of selected materials, based on public information, relating to a strategic combination with Rodman.

In September and October, Mr. Sanfilippo held informal discussions with eight broker-dealers other than Rodman to explore strategic opportunities for Hudson. Additionally, during that time, Hudson approached four other broker-dealers either directly or through intermediaries, which did not result in a meeting. Mr. Sanfilippo also met with five investment banking firms prior to Hudson's decision on a strategic advisor, and each of these firms was made aware of Hudson's strategic goals and was in a position to make referrals. Some referrals resulted, but no referrals went beyond the informal discussion stage.

On September 27, 2010, Edward Rubin, Michael Vasinkevich and David Horin met with Anthony Sanfilippo and Ajay Sareen at Rodman's New York headquarters and discussed details of a potential merger transaction including diligence matters. Further, Mr. Rubin renewed his suggestion that the firms enter into a mutual non-disclosure agreement.

On October 4, 2010, Hudson and Rodman entered into a mutual confidentiality agreement, dated as of September 30, 2010.

On October 11, 2010, David Horin, Michael Vasinkevich, Anthony Sanfilippo and Ajay Sareen met for lunch at a New York restaurant and began discussing the relative valuations of the firms, prospective terms of a merger and the strategic value to each company's stockholders of a combination.

On October 14, 2010, the Hudson board of directors held a special telephonic meeting. At that meeting, Mr. Sanfilippo reviewed the strategic opportunities being explored by Hudson. Mr. Sanfilippo then summarized the discussions with Rodman and provided Hudson's board of directors with general background information on Rodman. Mr. Sanfilippo discussed Rodman's and Hudson's respective histories, business philosophies and cultures, as well as the strategic value of a combination.

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On October 27, 2010, Rodman submitted a proposed form of No-Shop Agreement/Term Sheet to Hudson to acquire Hudson for \$6,000,000 in cash.

On October 27, 2010, Mr. Sanfilippo held preliminary discussions with New Century concerning hiring New Century as a financial advisor to Hudson's board of directors.

On October 29, 2010, the Hudson board of directors held a special telephonic meeting to discuss the Rodman proposal, Mr. Sanfilippo provided information on Rodman's investment banking and research business, noting that there was very little overlap in research and Hudson had broader research sales capabilities for distribution of research. Financial information was reviewed and discussed, as well as the potential synergies if a transaction were to be completed. The Hudson board of directors then determined that in order for stockholders to benefit from the synergies created by a combination with Rodman, it would be preferable to receive stock and not cash as consideration. The Hudson board of directors also instructed management to engage New Century to advise Hudson in connection with the potential sale of Hudson to, or a merger of Hudson with, Rodman.

On October 29, 2010, at a regularly scheduled meeting of the Rodman board of directors, Mr. Vasinkevich informed Rodman's board of directors of management's strategic view of a business combination with Hudson, the strategic value of a combination and preliminary financial terms.

On October 29, 2010, Hudson engaged New Century to act as financial advisor to Hudson in connection with the proposed transaction.

In the first week of November 2010, the parties exchanged legal, regulatory, financial and tax due diligence request lists. During November and December, the parties exchanged due diligence materials and participated in due diligence meetings. Hudson engaged Haynes and Boone, LLP to assist with legal and regulatory due diligence in connection with a potential transaction with Rodman, and Rodman retained Morse, Zelnick, Rose & Lander, LLP and Fried, Frank, Harris, Shriver & Jacobson LLP to assist with legal and regulatory due diligence, KPMG LLP to assist with the financial due diligence and Moffett & Grigorian LLP to assist with tax due diligence.

On November 2, 2010, Rodman submitted a revised Term Sheet to Hudson to acquire Hudson for \$6,000,000 in shares of Rodman common stock in a tax-free stock-for-stock exchange (subject to upward or downward adjustment, dollar-for-dollar, based upon any change in Hudson's net liquid assets between December 31, 2010 and the closing date of the transaction). The revised Term Sheet also provided for a \$4,000,000 break-up fee.

On November 4, 2010, at the request of Hudson's board of directors, Steve Terry of New Century, Hudson's financial advisor, transmitted comments on the Term Sheet to Rodman, which proposed a substantially higher price for Rodman's acquisition of Hudson in a tax free stock-for-stock exchange. Following Rodman's receipt of the revised Term Sheet, Michael Vasinkevich and David Horin had a telephone call with Anthony Sanfilippo and Ajay Sareen and representatives of New Century to discuss the terms proposed. During that call, Rodman reiterated its \$6,000,000 offer.

On November 5, 2010, the Hudson board of directors held a special telephonic meeting at which New Century advised the Hudson board of directors that Rodman had revised its offer from all cash to all stock, and was requesting a break-up fee. At the request of Hudson's board of directors, New Century then provided Hudson's board of directors with market data regarding where other public brokerage companies were trading.

On November 8, 2010, Mr. Sanfilippo had a telephonic discussion with Michael Vasinkevich and David Horin. A negotiation ensued and Mr. Vasinkevich increased Rodman's offer to \$7,000,000 in shares of Rodman common stock for all of Hudson, which amount represented a premium over the then current market value of Hudson's common stock.

On November 9, 2010, the Hudson board of directors held a special telephonic meeting, with Haynes and Boone, LLP, Hudson's outside counsel, and New Century in attendance to discuss Rodman's offer.

On November 10, 2010, Rodman submitted a revised proposed form of No-Shop Agreement/Term Sheet to Hudson to acquire Hudson for \$7,000,000 payable in shares of Rodman common stock in a tax-free stock-for-stock exchange. The term sheet also provided for a break-up fee equal to the greater of 5% of the proposed purchase price or Rodman's actual out-of-pocket expenses actually incurred in connection with the proposed transaction.

On November 11, 2010, Edward Rubin, David Horin and Kenneth S. Rose, Esq., of Morse, Zelnick, Rose & Lander, LLP, Rodman's counsel, had a conference call with Anthony Sanfilippo and Ajay Sareen to review, discuss and clarify certain matters related to the November 10, 2010 No-Shop Agreement/Term Sheet submitted by Rodman.

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On November 18, 2010, following internal discussions, Ajay Sareen telephoned David Horin and explored fixing the price per share of Rodman common stock for the purposes of determining the exchange ratio in the proposed merger. After conferring with Mr. Vasinkevich and Mr. Rubin, Mr. Horin telephonically advised Mr. Sareen of Rodman's willingness to fix the price per share of Rodman common stock.

On November 19, 2010, the Hudson board of directors held a special telephonic meeting, with Haynes and Boone, LLP and New Century in attendance, and discussed the negotiations with Rodman. Mr. Sanfilippo outlined the proposed exchange ratio, based on a value of \$2.69 for each share of Rodman stock.

On November 19, 2010, Steven Terry of New Century transmitted a revised No-Shop Agreement/Term Sheet to Rodman containing a \$7,000,000 purchase price for Hudson in a tax-free stock-for-stock exchange with the price per share of Rodman's common stock fixed at \$2.69 for the purposes of determining the exchange ratio. The Term Sheet also provided for a break-up fee equal to 5% of the proposed purchase price and a closing condition that Hudson have a minimum of \$4,000,000 of net liquid assets on the closing date.

On November 21, 2010, Rodman submitted a revised proposed form of No-Shop Agreement/Term Sheet to Hudson to acquire Hudson for a \$7,000,000 purchase price for Hudson in a tax-free stock-for-stock exchange with the price per share of Rodman's common stock fixed at \$2.69 for the purposes of determining the exchange ratio. The Term Sheet also provided for a break-up fee equal to the greater of 5% of the proposed purchase price or Rodman's actual out-of-pocket expenses actually incurred in connection with the proposed transaction and a closing condition that Hudson have a minimum of \$4,000,000 of net liquid assets on the closing date.

On November 22, 2010, Darrel Rice, Esq. of Haynes and Boone, LLP, provided to Kenneth S. Rose, Esq. of Morse, Zelnick, Rose & Lander, LLP with Hudson's comments on the draft No-Shop Agreement/Term Sheet submitted by Rodman on November 21, 2010.

On November 22, 2010, Rodman's counsel transmitted a revised draft of the No-Shop Agreement/Term Sheet to Hudson's counsel.

On November 24, 2010, the Hudson board of directors held a special telephonic meeting, with Haynes and Boone, LLP and New Century in attendance, to discuss the draft No-Shop Agreement/Term Sheet which was provided to the Hudson board of directors in advance of the meeting. Such discussion included the consideration to be received by the Hudson stockholders in the proposed transaction.

On November 24, 2010, Rodman and Hudson executed the No-Shop Agreement/Term Sheet containing a \$7,000,000 purchase price for Hudson in a tax-free stock-for-stock exchange with the price per share of Rodman's common stock fixed at \$2.69 for the purposes of determining the exchange ratio. The Term Sheet also provided for a break-up fee equal to 5% of the proposed purchase price and a closing condition that Hudson have a minimum of \$4,000,000 of net liquid assets on the closing date.

Throughout November and December, Hudson management and New Century conducted a due diligence investigation of Rodman and its business and financial position and Rodman conducted a due diligence investigation of Hudson.

On December 1, 2010, Edward Rubin, David Horin, Anthony Sanfilippo and Ajay Sareen met to discuss due diligence findings, timing of the proposed transaction, business philosophies and cultures, comparative compensation and cost structures of various business lines, as well as their view of the future entity and the strategic value of a combination.

On December 3, 2010, Morse Zelnick Rose & Lander, LLP, distributed to Hudson and its counsel, an initial draft of the Merger Agreement. During the period from December 3, 2010 to December 31, 2010, the parties discussed, negotiated and exchanged revised drafts of the Merger Agreement.

On December 17, 2010, the Hudson board of directors held a special telephonic meeting at which representatives of Haynes & Boone, LLP, and New Century were present to receive an update on the status of negotiations with Rodman. The board discussed in detail the status of negotiations, the timing of the transaction, and various due diligence matters, including due diligence matters for both Hudson and Rodman. The Hudson board of directors was advised that Rodman agreed to reduce the closing condition that Hudson have a minimum of \$4,000,000 of net liquid assets on the closing date to \$2,500,000 (less any agreed upon expenditures), and that in the event that net liquid assets at closing exceeded or was less than \$4,000,000, the \$7,000,000 purchase price would be increased, or decreased, as the case may be, by 50% of such excess or lesser amount.

On December 27, 2010, a special meeting of the Rodman board of directors was noticed for Wednesday, January 4, 2011 to consider the proposed Merger with Hudson.

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On December 30, 2010, Morse Zelnick Rose & Lander, LLP, distributed to Rodman's board of directors a package that included a draft of the Merger Agreement, Rodman's presentation detailing the strategic rationale of the transaction, KPMG's due diligence report and a preliminary draft press release with respect to the proposed Merger.

On December 31, 2010, Anthony Sanfilippo distributed to Hudson's board of directors by email for their review prior to the January 3, 2011 Hudson board meeting a draft of the Merger Agreement, the draft schedules to the Merger Agreement, and a draft of proposed resolutions of the board of directors approving the Merger.

On January 3, 2011, the Hudson board of directors held a special telephonic meeting, with Haynes and Boone, LLP and New Century in attendance, to discuss the terms and conditions of the draft Merger Agreement and related documentation, drafts of which were provided to the Hudson board of directors in advance of the meeting. Darrel A. Rice, Esq. of Haynes and Boone, LLP and Mr. Andrew Lewin, the general counsel of Hudson Securities, presented summaries of the agreements as well as a discussion of open issues remaining with respect to the draft documents. At this meeting, at the request of Hudson's board of directors, representatives from New Century discussed selected financial data, including where other public brokerage companies were trading and prior acquisitions of publicly traded and privately held brokerage companies. The Hudson board of directors, with the assistance of management and Hudson's legal and financial advisors, discussed the risks of the combination compared to the risks of continuing operations on a stand-alone basis given Hudson's financial condition. During the course of such discussions, management and Hudson's legal and financial advisors responded to numerous questions from the Hudson board of directors. Management discussed some of the steps that would follow execution of the definitive agreements if the transaction were to be approved, including the steps required to finalize communications plans to investors, employees, clients, suppliers and other constituencies.

On January 3, 2011, Mr. Rubin, Mr. Sanfilippo, Mr. Sareen and Mr. Horin met telephonically to plan for a proposed analyst conference call on January 5, 2011 at 11:00 a.m., Eastern Standard Time, regarding the Merger and to finalize any pending diligence items. The parties also agreed that, subject to approval of their respective boards of directors of the Merger, they would inform their respective employees about the Merger after the closes of the markets on January 4, 2011.

On January 4, 2011, the Rodman board of directors met with all directors present. Also in attendance were David Horin and Gregory Dow, Rodman's General Counsel, and Kenneth S. Rose, Esq., of Morse, Zelnick, Rose & Lander, LLP. Mr. Rubin provided the board of directors with an overview of the proposed Merger and management's recommendation that Rodman proceed with the transaction. Mr. Vasinkevich provided the board of directors with a detailed background about Hudson, including its significant sales and trading business. Further, Mr. Rubin, Mr. Vasinkevich and Mr. Horin reviewed the terms of the transaction, the strategic benefits, the key employees' backgrounds and the results of Rodman's due diligence investigation. After discussion, the Rodman board of directors unanimously approved and declared advisable the Merger Agreement and the Merger and determined that the Merger Agreement and all related documents and exhibits thereto, in each case substantially in the form presented to the Rodman board of directors, and determined that the terms of the Merger, are fair to, and in the best interests of, Rodman and its stockholders.

On January 4, 2011, the Hudson board of directors held a special telephonic meeting with all directors present to consider the transaction with the assistance of Hudson's legal and financial advisors. Management summarized the terms of the transaction. New Century reviewed its updated financial analyses with respect to Hudson and the proposed transaction and, thereafter, at the request of the Hudson board of directors delivered its oral opinion (which was subsequently confirmed in writing by delivery of New Century's written opinion dated the same date) to the effect that, as of January 4, 2011, the proposed Merger was fair from a financial point of view, to the stockholders of Hudson. Darrel A. Rice, Esq. of Haynes and Boone, LLP reviewed the board of directors' fiduciary duties in connection with the consideration of the proposed transaction, and presented summaries of the terms of the Merger Agreement and other agreements proposed to be entered into in connection with the transaction. At the meeting, the Hudson board of directors also considered the fact that Hudson's management communicated with investment banking and brokerage firms, both public and private, regarding potential business combination transactions, none of which led to any substantive discussions. In light of this, the Hudson board of directors determined that the proposed transaction with Rodman, together with the flexibility provided by the non-solicitation provisions in the Merger Agreement, would enable the board of directors to exercise its fiduciary obligations.

After discussion, the Hudson's board of directors unanimously: (i) determined that the Merger Agreement and all related documents and exhibits thereto, in each case substantially in the form presented to the Hudson board of directors, and the Merger were in the best interests of Hudson and its stockholders; (ii) approved and declared advisable the Merger Agreement and the Merger and the other transactions contemplated by the Merger Agreement; and (iii) recommended the approval by Hudson stockholders of the Merger pursuant to the terms of the Merger Agreement.

Following the respective board of directors meetings of Hudson and Rodman, on the evening of January 4, 2011, the parties executed the Merger Agreement.

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On January 5, 2011, before the commencement of trading in the shares of Rodman and of Hudson, both firms issued a joint press release announcing that the boards of directors of both companies had approved the terms of the Merger and that the Merger Agreement had been executed. An analyst call co-hosted by Mr. Rubin, Mr. Horin and Mr. Sanfilippo followed later that morning.

Hudson's Reasons for the Merger

The Hudson board of directors, at the meeting described above on January 4, 2011, unanimously: (i) determined that the Merger Agreement and the Merger are fair to and in the best interests of Hudson and its stockholders; (ii) approved, adopted and declared advisable the Merger Agreement and the Merger and authorized the execution and delivery of the Merger Agreement; and (iii) resolved to recommend that the Hudson stockholders approve and adopt the Merger Agreement and approve the Merger and directed that such matter be submitted for consideration of the Hudson stockholders at the Meeting.

In reaching its decision to approve, adopt and declare advisable the Merger Agreement and the Merger and to recommend that the Hudson stockholders approve and adopt the Merger Agreement and approve the Merger, the Hudson board of directors consulted with Hudson's senior management team, as well as Hudson's internal and outside legal and financial advisors, and considered a number of factors, including the following material factors that the Hudson board of directors viewed as supporting its decision to approve and declare advisable the Merger Agreement and the Merger and to unanimously recommend that the Hudson stockholders approve and adopt the Merger Agreement and approve the Merger:

the financial analysis reviewed and discussed with the Hudson board of directors by representatives of New Century, as well as the oral opinion of New Century to the board of directors on January 4, 2011 (which was subsequently confirmed in writing by delivery of New Century's written opinion dated the same date) with respect to the fairness to holders of Hudson common stock from a financial point of view of the Exchange Ratio provided for in the proposed Merger;

Hudson's financial condition, including a weakening cash position, a corresponding decrease in excess net capital and projected cash burn rate, and its impact on Hudson's ability to retain employees and existing customers and attract new employees and customers over time;

Hudson's and Rodman's financial performance and condition, results of operations, management, business quality, prospects, competitive position and businesses as separate entities and on a combined basis;

the anticipated financial performance and condition, results of operations, management, business quality, prospects, competitive position and businesses of Rodman and Hudson after giving effect to the Merger;

the strategic nature of the Merger and increased opportunity for growth;

the risks faced by Hudson as a stand-alone company, including challenges in retaining key employees and clients and limitations on Hudson's ability to maintain volumes and margins in the trading, market making and capital markets businesses with a significantly smaller capital base than some competitors;

industry trends;

current financial market conditions and historical market prices, volatility and trading information with respect to Hudson common stock and Rodman common stock;

the belief that the consideration to be paid by Rodman in the Merger represented the highest price per share that could be negotiated with Rodman;

the financial and non-financial terms and conditions of the Merger Agreement, including:

the Merger Consideration; and

the parties' representations, warranties and covenants and closing conditions;

the opportunity for Hudson stockholders to participate in a larger company with a more liquid market for its stock and, as stockholders of the combined company, to participate in any increases in the value of its business following the Merger; and

the results of due diligence investigations by management with the assistance of Hudson's legal and financial advisors.

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The Hudson board of directors also considered potentially negative risks of the transaction, including:

the risk that despite the efforts of Hudson and Rodman, key Hudson personnel might not remain employed by Hudson or, following the closing, the combined company;

the risk that potential benefits sought in the transaction may not be achieved in the expected timeframe or at all;

risks associated with Rodman's business;

the risk that the satisfaction of the other conditions to closing the Merger might not be accomplished within the expected timeframe or at all;

the possibility that the Merger might not be consummated and the potential adverse effects of the public announcement of the Merger on:

Hudson's operating results;

Hudson's ability to attract new employees and retain key employees; and

Hudson's overall competitive position;

the absence of any right of Hudson to terminate the Merger Agreement if the value of Rodman common stock falls below any particular level prior to the Merger or because of changes in the operating and financial performance of either company that do not amount to a material adverse effect, as defined in the Merger Agreement; and

that the consummation of the Merger will preclude Hudson stockholders from participating directly in any future growth of Hudson were it to remain an independent public company.

The foregoing discussion of the factors considered by the Hudson board of directors is not intended to be exhaustive, but rather includes the material factors considered by the Hudson board of directors. In reaching its decision to approve and declare advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and to unanimously recommend that the Hudson stockholders approve and adopt the Merger Agreement and approve the Merger, the Hudson board of directors did not quantify or assign any relative weights to the factors considered and individual directors may have given different weights to different factors. After taking into consideration all of the information and factors described above, members of the Hudson board of directors at its January 4, 2011 meeting unanimously concluded that the Merger and the Merger Agreement are advisable, and are fair to, and in the best interests of, Hudson and its stockholders and that Hudson should proceed with the Merger.

Recommendation of the Hudson Board of Directors

The Hudson board of directors believes that the Merger and the Merger Agreement are advisable, and are fair to, and in the best interests of, Hudson and its stockholders and recommends that Hudson stockholders vote **FOR** the proposal to approve and adopt the Merger Agreement and approve the Merger.

Opinion of Hudson's Financial Advisor

On January 4, 2011, New Century made a presentation to the board of directors of Hudson, which was subsequently reduced to writing, stating that, as of January 4, 2011, based upon and subject to the assumptions made, matters considered, and limitations on New Century's review as set forth in New Century's opinion (the "Opinion") that the transactions, including the Exchange Ratio (collectively, the "Transaction"), contemplated by the draft Agreement and Plan of Merger (but not including the Amended and Restated Agreement and Plan of Merger, the "Original Purchase Agreement") was fair, from a financial point of view, to the stockholders of Hudson.

The full text of the Opinion is attached as Annex B hereto. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by New Century in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the Opinion.

New Century's Opinion speaks only as of the date of the Opinion and was necessarily based upon financial, economic, market and other conditions as they existed, and could be evaluated, on that date as well as the consideration to be paid in connection with the Transaction contemplated by Hudson and Rodman. Events occurring after that date could materially affect its Opinion. New Century has not undertaken to update, revise, reaffirm or withdraw its Opinion or otherwise comment upon events occurring after the date of the Opinion. Hudson has not obtained nor will it obtain an updated fairness opinion from New Century to reflect the current terms of the acquisition.

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New Century's Opinion was for the use and benefit of the board of directors of Hudson in its consideration of the Transaction and does not constitute a recommendation as to how any holder of shares of Common Stock of the Company should vote on the approval and adoption of the Merger and the Merger Agreement.

Process

New Century's Opinion is given in good faith but neither New Century nor its officers or directors shall be held responsible for any errors or omissions. In arriving at its Opinion, New Century reviewed and analyzed all the information it deemed necessary and appropriate including:

certain financial, operational and business information and data regarding Rodman and Hudson;

certain financial, market performance and other data of certain other public companies that New Century deemed relevant;

certain historical financial, operational and business information and data regarding Hudson, including its financial statements, 10-Ks, 10-Qs and proxy statements for the fiscal years ending March 31, 2009 and March 31, 2010 (collectively, the Hudson Financial Statements);

Hudson's internal Financial Forecast and Projections for the year ending March 31, 2011 (Hudson's Financial Forecasts);

certain focus reports (the Focus Reports) and a cash analysis (the Cash Analysis) regarding Hudson that the senior management of Hudson prepared;

certain information regarding the stock price and trading history of the common stock of Hudson and Rodman;

certain historical financial, operational and business information and data regarding Rodman, including its financial statements, 10-Ks, 10-Qs and proxy statements for the year ending December 31, 2009 (collectively, the Rodman Financial Statements);

Rodman's internal Financial Forecast and Projections for the years ending December 31, 2010, December 31, 2011 and December 31, 2012 (collectively, Rodman's Financial Forecasts);

the Original Purchase Agreement; and

Industry information that New Century deemed relevant for purposes of its Opinion.

New Century also reviewed and discussed with senior management of Hudson and Rodman and their respective accountants certain financial, operational and business information and data regarding Hudson, Rodman, and the financial services, investment banking, clearing, sales and trading, and private equity industries.

In rendering its Opinion, New Century has assumed and relied upon, without assuming responsibility or liability for independently verifying, the accuracy, completeness and fairness of all financial and other information and data that was publicly available regarding Hudson and Rodman. New Century has also assumed and relied upon, without assuming responsibility or liability for independently verifying, the accuracy, completeness and fairness of all financial and other information and data that Hudson, Rodman and their respective accountants provided to, reviewed with or discussed with New Century. New Century has assumed, with the assurances of senior management of Hudson, that the Hudson Financial Statements have been reasonably prepared in accordance with industry and GAAP accounting standards, and that they are not aware of any relevant information that has been omitted, or not disclosed to New Century, or that would make the Hudson Financial Statements incomplete or misleading. New Century has assumed, with the assurances of senior management of Rodman, that the Rodman Financial Statements have been reasonably prepared in accordance with industry and GAAP accounting standards, and that they are not aware of any relevant information that has been omitted, or not disclosed to New Century, or that would make the Rodman Financial Statements incomplete or misleading. New Century also has assumed, with the assurances of senior management of Hudson, that all other financial information and data provided to New Century regarding Hudson, including Hudson's Financial Forecasts, Focus Reports and Cash Analysis have been reasonably prepared in accordance with industry standards, and that they are not aware of any relevant information that has been omitted, or not disclosed to New Century, or that would make any of the information or data provided to New Century incomplete or misleading. New Century has assumed, with the assurances of senior management of Rodman, that all other financial information and data provided to New Century regarding Rodman, including Rodman's Financial Forecasts, have been reasonably prepared in accordance with industry standards, and that they are not aware of any relevant information that has been omitted, or not disclosed to New Century, or that would make any of the information or data provided to New Century incomplete or misleading.

In rendering its Opinion, New Century has assumed that the Transaction will be consummated as described in the Original Purchase Agreement, and that the Original Purchase Agreement would be further revised, but that further revisions to the Original Purchase Agreement will not materially change the analysis or conclusions of New Century in its Opinion. New Century has assumed and relied upon, without assuming responsibility or liability for verifying, that the Transaction will be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended. New Century also has assumed and relied upon, without assuming responsibility or liability for verifying, that the Transaction will be consummated in a manner that complies with the applicable provisions of the Securities Act and Exchange Act and any other applicable federal, state and/or international laws, statutes, rules and regulations. New Century has further assumed and relied upon, without assuming responsibility or liability for independently verifying, that the operational, financial and strategic benefits that Hudson and Rodman represented to New Century will be achieved by the Transaction. New Century expresses no opinion as to whether Hudson and Rodman will be able to achieve any such operational, financial or strategic benefits in connection with the Transaction. In addition, New Century has assumed and relied upon, without assuming responsibility or liability for independently verifying, that there will be no material change in Hudson's or Rodman's business, customers, assets, prospects, operations or financial conditions prior to the consummation of the Transaction. New Century has further assumed that the representations and warranties made by Hudson and Rodman in the Original Purchase Agreement are and will be true and correct in all respects that would be material to its analysis. Furthermore, New Century has assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on Hudson or Rodman that would be material to its analysis.

New Century is not a legal, regulatory or tax expert. Accordingly, New Century expresses no opinion regarding the legal, regulatory or tax effect of the Transaction. New Century also does not express any opinion regarding the effect on the Transaction of any credit rating, accounting rules or regulations pertaining to Hudson or Rodman, or any potential changes thereto. New Century has relied upon the assessments made by Hudson and Rodman with respect to such issues. Furthermore, New Century does not express any opinion regarding any financial assumptions relied upon by the senior management of Hudson or Rodman regarding the future operations of Rodman. New Century has not (i) undertaken to determine whether there is any pending or threatened litigation, regulatory action, contingent liabilities or unasserted claims against Hudson or Rodman, or an analysis of same; (ii) performed appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of Hudson or Rodman; (iii) received or reviewed any executed or definitive purchase, acquisition or merger agreement involving Hudson and Rodman; (iv) conducted a physical inspection, or performed an independent evaluation or appraisal, of any investments, real estate or other assets of Hudson or Rodman; (v) contacted any of the customers of Hudson or Rodman, or completed any customer due diligence; (vi) reviewed books and records of Hudson or Rodman other than as referenced in the Opinion; or (vi) received or reviewed any title documents or confirmed whether Hudson or Rodman, or their respective affiliates, have good title or ownership of any of their investments, real estate or other assets.

The Opinion is based on economic, monetary, market and other conditions as they exist, and the information made available to New Century, as of the date of the Opinion. New Century expresses no opinion regarding any potential changes to economic, monetary, market or other conditions that may occur after the date of the Opinion. New Century has not performed any analysis regarding the value of liquidating Hudson or any of its assets. Hudson's senior management has expressed doubt to New Century as to Hudson's ability to continue as a going concern. In addition, Hudson's accountants have not completed their audit of Hudson for the

fiscal year ending March 31, 2011. New Century expresses no opinion regarding: (i) whether or when Hudson's accountant will complete their audit of Hudson for fiscal year ending March 31, 2011; (ii) what the accountant's opinions or findings will be in connection with any such audit; or (iii) whether the accountant will express doubt about Hudson's ability to continue as a going concern and its audit of Hudson. Based on the representation of, and information and data provided to New Century by, the senior management of Hudson, Hudson currently has negative cash flow, is not profitable, and has significant liabilities that may soon exceed the value of its assets. New Century has assumed that neither Hudson nor Rodman is a party to any material pending transaction other than this Transaction, including any external financing, recapitalization, acquisition or merger, divestiture or spin-off. It should be understood that subsequent developments may affect the Opinion and that New Century does not have any obligation and assumes no responsibility to update, revise or reaffirm its Opinion based upon circumstances and events occurring after the date of the Opinion, New Century has been advised by Rodman that Rodman conducts a significant portion of its business with companies based in China. New Century expresses no opinion about Rodman's business relationship with any such companies, whether Rodman will continue to maintain any relationship with such companies and what affect changes to the political and economic policies of the government of the People's Republic of China or any other government will have on such relationship. New Century expresses no opinion regarding whether the necessary approvals or other conditions to the consummation of the Transaction will be obtained or satisfied. New Century does not express any opinion as to the price at which Rodman's shares may trade upon consummation of the Transaction, or at any future time. New Century also expresses no opinion on whether the applicable stock market will react favorably to the Transaction, or whether any party to the Original Purchase Agreement will decide to cancel or terminate the Transaction. New Century was not requested to opine as to, and the Opinion does not address, the business decision to proceed with the Transaction or the merits of the Transaction relative to any alternative transaction or business strategy that may be available to Hudson. Furthermore, New Century expresses no opinion as to whether any alternative transaction might produce consideration for the stockholders of Hudson in excess of the amount contemplated by this Transaction, and New Century was specifically not engaged to perform a market test of interest from any other potential acquirers.

New Century did not attribute any particular weight to any analyses considered by it or the various valuation approaches contained herein, but rather made qualitative judgments as to the significance and relevance of each analysis. Any estimates resulting from the analyses are not necessarily indicative of actual values, which may be significantly more or less favorable than as set forth in the Opinion. No company mentioned in the Opinion, whether it is a public or private company, is identical to Hudson or Rodman. Accordingly, these analyses must take into account differences in the financial and operational characteristics of the selected publicly traded companies and differences in the structure and timing of the selected transactions and other factors that would affect the public trading values and acquisition values of the companies considered.

New Century's Opinion is limited to the fairness, from a financial point of view, to the stockholders of the consideration to be received by Hudson in connection with the Transaction, and New Century expresses no opinion as to the fairness of the Transaction to the holders of any other class of securities, creditors or other constituencies of Hudson. The Opinion, and the analysis and assumptions contained therein, must be considered as a whole, and selecting only portions of the analysis could create an incomplete or misleading view of the process underlying the analysis performed by New Century in connection with the preparation of the Opinion. The Opinion is not intended to be and does not constitute a recommendation to the stockholders or the board of directors of Hudson as to how they should vote or otherwise act with respect to the Transaction, and should not be relied upon by any stockholder or director as such. The Opinion, and the analysis contained therein, may not be quoted or referred to or used for any purpose without the prior written consent of New Century, except that the Opinion may be disclosed in connection with any information statement or proxy statement used in connection with the Transaction, provided that New Century expressly approves all statements in such documents relating to New Century or its Opinion in advance of any such disclosure, and provided that the Opinion is reproduced in full and any description of or reference to New Century, its Opinion, any summary thereof or presentation is in a form and substance reasonably acceptable to New Century and its legal counsel.

Market Overview

Using publicly available information, New Century compared selected financial data of Hudson with similar data of selected publicly traded financial services companies considered by New Century to be comparable to Hudson (the "Comparable Companies"). The methodology assumes that companies in the same industry share similar markets. The potential for earnings growth is usually dependent upon the characteristics of the growth rates of these markets, and companies in the same industry experience similar operating characteristics. New Century noted that although such companies were considered similar, none of the companies have the same management, makeup, size or combination of business as Hudson or Rodman. The comparable group is comprised of three groups: Boutique Investment Banks, Middle Market Investment Banks, and Brokerage Trading Firms. The Boutique Investment Bank group includes: JMP Group, Keefe Bruyette & Woods, Landenburg Thalmann, Merriman Curhan Ford, Oppenheimer, Rodman & Renshaw Capital Group, Sanders Morris Harris, and Stifel Financial. The Middle Market Investment Bank Group includes: Canaccord Financial, Duff & Phelps, Evercore Partners, Jefferies Group, Lazard, Piper Jaffray, and Raymond James Financial. The Brokerage Trading Firm Group includes: BGC Partners, Charles Schwab, Cohen & Company, E*Trade Financial, GFI Group,

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Interactive Brokers, Investment Technology Group, Knight Capital Group, MarketAxess, MF Global, OptionsXpress, Primerica, and TD Ameritrade.

New Century reviewed selected price and volume data and illustrated the relative stock price performance of the Comparable Companies against the NASDAQ index, the S&P 500 index and the Dow Jones Industrial Average index for the period January 1, 2010 through January 3, 2011.

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- (1) Brokerage / Trading Firms Group includes: BGC Partners, Charles Schwab, Cohen & Company, E*Trade Financial, GFI Group, Interactive Brokers, Investment Technology Group, Knight Capital Group, MarketAxess, MF Global, OptionsXpress, Primerica, and TD Ameritrade.
 - (2) Boutique Investment Banks Group includes: JMP Group, Keefe Bruyette & Woods, Landenburg Thalmann, Merriman Curhan Ford, Oppenheimer, Rodman & Renshaw Capital Group, Sanders Morris Harris, and Stifel Financial.
 - (3) Middle Market Investment Banks Group includes: Canaccord Financial, Duff & Phelps, Evercore Partners, Jefferies Group, Lazard, Piper Jaffray, and Raymond James Financial.

	Hudson	Rodman	NASDAQ	DJIA	S&P 500	Fin. Services
% Off High	25.0%	48.6%	100.0%	100.0%	100.0%	97.1%
% Off Low	166.7%	135.2%	128.7%	120.5%	124.4%	121.3%
Index Value on 1/3/2011	37.0%	62.7%	116.6%	110.3%	112.3%	112.6%

Source: Thomson One, as of January 3, 2011

	Hudson	Rodman	NASDAQ	DJIA	S&P 500	Fin. Services
% Off High	52.6%	58.2%	100.0%	100.0%	100.0%	99.9%
% Off Low	166.7%	135.2%	128.7%	120.5%	124.4%	121.3%
Index Value on 1/3/2011	58.8%	58.2%	107.7%	104.7%	105.8%	99.9%

	Hudson	Rodman	NASDAQ	DJIA	S&P 500	Fin. Services
% Off High	17.5%	41.9%	100.0%	99.7%	100.0%	89.3%
% Off Low	183.3%	738.9%	158.5%	140.1%	141.4%	140.7%
Index Value on 1/3/2011	30.3%	542.9%	153.4%	138.9%	141.4%	140.7%

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Trading Range		Average Price		Daily Volume (000 s)	
		5			
Spot	\$ 0.10	Days	\$ 0.11	Spot	20,500
		10			
High	\$ 0.40	Days	\$ 0.11	High	755,100
		20			
Low	\$ 0.06	Days	\$ 0.11	Low	0
		30			
		Days	\$ 0.10	Average	54,681
		60			
		Days	\$ 0.09		
		90			
		Days	\$ 0.09		
		100			
		Days	\$ 0.09		
		120			
		Days	\$ 0.10		
		180			
		Days	\$ 0.12		

Hudson Trading Volume Analysis: January 1, 2010 - January 3, 2011

Source: Thomson One, as of January 3, 2011

<u>Trading Range</u>		<u>Average Price</u>		<u>Daily Volume (000 s)</u>	
Spot	\$ 2.69	5 Days	\$ 2.64	Spot	199,007
		10			
High	\$ 5.53	Days	\$ 2.65	High	1,749,600
		20			
Low	\$ 1.99	Days	\$ 2.63	Low	26,800
		30			
Average	\$ 3.25	Days	\$ 2.57	Average	164,170
		60			
		Days	\$ 2.61		
		90			
		Days	\$ 2.50		
		100			
		Days	\$ 2.47		
		120			
		Days	\$ 2.51		
		180			
		Days	\$ 2.79		
		LTM	\$ 3.25		

Rodman Trading Volume Analysis: January 1, 2010 - January 3, 2011

Source: Thomson One, as of January 3, 2011

Exchange Ratio Analysis

Trading Statistics	Spot	10 Day	20 Day	30 Day	60 Day	90 Day
Current (1/3/2011)	0.037	0.040	0.040	0.038	0.034	0.037
Period High		0.046	0.046	0.046	0.046	0.055
Period Low		0.037	0.034	0.033	0.021	0.021
Relative Level ⁽¹⁾		33.4%	51.4%	43.0%	53.4%	47.1%

Per the Agreement, the exchange ratio is .0338

(1) Relative Level is an indicator of the average, relative to the high (100%) and low (0%) values.

Public Comparable Companies Analysis

New Century prepared a public comparable companies analysis, which analyzed the public market information and trading multiples of companies comparable to those involved in the Transaction.

Selected Public Comparable Group - Valuation Metrics
(\$ millions except per share data)

Company Name	Price 1/3/2011	% of 52 wk high	Market Cap	Enterprise Value	EV / Revenue			Book Value			Tangible Book Value	
					LTM	2010E	2011E	Book Value (BV)	BV/ Share	Price/ BVPS	BV (TBV)	TBV Share
Middle-Market Investment Banks												
Canaccord Financial	\$ 14.25	100%	\$ 1,178	\$ 616	1.0x	0.9x	0.8x	\$ 684	\$ 8.29	1.7x	\$ 364	\$ 4.00
Duff & Phelps	\$ 17.01	90%	\$ 697	\$ 703	1.9x	1.9x	1.7x	\$ 330	\$ 8.06	2.1x	\$ 168	\$ 4.00
Evercore Partners	\$ 35.56	93%	\$ 702	\$ 694	1.7x	1.8x	1.4x	\$ 331	\$ 16.78	2.1x	\$ 140	\$ 7.00
Jefferies Group	\$ 26.99	100%	\$ 4,638	\$ 8,144	3.4x	3.7x	3.3x	\$ 2,654	\$ 15.45	1.7x	\$ 2,290	\$ 13.00
Lazard	\$ 39.67	96%	\$ 4,732	\$ 5,259	2.8x	2.9x	2.5x	\$ 636	\$ 5.45	7.3x ⁽¹⁾	\$ 317	\$ 2.00
Piper Jaffray	\$ 35.76	68%	\$ 743	\$ 932	1.8x	1.9x	1.7x	\$ 805	\$ 38.70	0.9x	\$ 426	\$ 20.00
Raymond James Financial	\$ 33.01	98%	\$ 4,124	\$ 1,831	0.6x	0.6x	0.5x	\$ 2,597	\$ 20.79	1.6x	\$ 2,534	\$ 20.00
Middle-Market Investment Banks High												
			\$ 4,732	\$ 8,144	3.4x	3.7x	3.3x	\$ 2,654	\$ 38.70	2.1x	\$ 2,534	\$ 20.00
Middle-Market Investment Banks Mean												
			\$ 2,402	\$ 2,597	1.9x	2.0x	1.7x	\$ 1,234	\$ 18.01	1.7x	\$ 987	\$ 11.00
Middle-Market Investment Banks Median												
			\$ 1,178	\$ 932	1.8x	1.9x	1.7x	\$ 744	\$ 16.11	1.7x	\$ 395	\$ 10.00
Middle-Market Investment Banks Low												
			\$ 697	\$ 616	0.6x	0.6x	0.5x	\$ 330	\$ 5.45	1.6x	\$ 140	\$ 4.00
Boutique Investment Banks												
Gleacher & Company	\$ 2.51	52%	\$ 329	\$ 309	1.0x	1.1x	0.9x	\$ 350	\$ 2.67	0.9x	\$ 228	\$ 1.00
Greenhill & Co.	\$ 81.69	92%	\$ 2,396	\$ 2,411	8.5x	7.9x	5.5x	\$ 382	\$ 13.03	6.3x ⁽¹⁾	\$ 228	\$ 7.00
JMP Group	\$ 7.86	78%	\$ 171	\$ 150	0.8x	NA	1.3x	\$ 133	\$ 6.10	1.3x	\$ 133	\$ 6.00
Keefe Bruyette & Woods (KBW)	\$ 28.44	94%	\$ 1,007	\$ 818	2.0x	1.9x	1.6x	\$ 491	\$ 13.85	2.1x	\$ 491	\$ 13.00
Ladenburg Thalmann Financial Services	\$ 1.23	71%	\$ 224	\$ 246	1.3x	1.4x	1.4x	\$ 46	\$ 0.25	4.9x ⁽¹⁾	\$ 11	\$ 0.00
Merriman Curhan Ford Group	\$ 2.13	27%	\$ 5	\$ 4	0.1x	NA	NA	\$ 3	\$ 1.27	1.7x	\$ 3	\$ 1.00
Oppenheimer Holdings	\$ 26.83	80%	\$ 356	\$ 538	0.5x	0.5x	0.5x	\$ 479	\$ 35.86	0.7x	\$ 305	\$ 22.00
Rodman & Renshaw Capital Group	\$ 2.69	48%	\$ 91	\$ 83	0.9x	0.8x	0.6x	\$ 53	\$ 1.56	1.7x	\$ 52	\$ 1.00
	\$ 7.40	96%	\$ 214	\$ 212	1.2x	1.1x	1.1x	\$ 239	\$ 8.29	0.9x	\$ 134	\$ 4.00

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Sanders Morris
Harris Group

Stifel Financial	\$63.01	99%	\$ 2,217	\$ 2,217	1.7x	1.7x	1.4x	\$1,213	\$ 34.46	1.8x	\$ 877	\$ 24.46
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**Boutique
Investment Banks
High**

			\$ 2,396	\$ 2,411	8.5x	7.9x	5.5x	\$1,213	\$ 35.86	2.1x	\$ 877	\$ 24.46
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**Boutique
Investment Banks
Mean**

			\$ 701	\$ 699	1.8x	2.1x	1.6x	\$ 370	\$ 13.01	1.4x	\$ 278	\$ 9.92
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**Boutique
Investment Banks
Median**

			\$ 277	\$ 277	1.1x	1.3x	1.3x	\$ 295	\$ 7.19	1.5x	\$ 181	\$ 5.44
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**Boutique
Investment Banks
Low**

			\$ 5	\$ 4	0.1x	0.5x	0.5x	\$ 3	\$ 1.27	0.7x	\$ 3	\$ 1.27
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**Trading/Brokerage
Firms**

BGC Partners	\$ 8.58	98%	\$ 583	\$ 552	0.4x	0.4x	0.4x	\$ 420	\$ 4.47	1.9x	\$ 321	\$ 3.21
Charles Schwab	\$17.50	88%	\$20,909	\$17,216	4.2x	4.1x	3.6x	\$6,035	\$ 5.05	3.5x	\$5,507	\$ 4.46
Cohen & Company	\$ 4.60	49%	\$ 48	\$ 92	0.7x	NA	NA	\$ 87	\$ 8.29	0.6x	\$ 83	\$ 7.19
E*Trade Financial	\$16.28	82%	\$ 3,595	\$ 5,366	2.6x	4.1x	3.5x	\$4,164	\$ 18.86	0.9x	\$1,892	\$ 8.42
GFI Group	\$ 4.78	68%	\$ 581	\$ 453	0.5x	0.5x	0.5x	\$ 523	\$ 4.30	1.1x	\$ 206	\$ 1.27
Interactive Brokers Group	\$18.00	92%	\$ 760	\$ 4,328	4.3x	4.3x	3.3x	\$5,115	\$121.14	0.1x	\$5,115	\$121.14
Investment Technology Group	\$16.54	77%	\$ 693	\$ 385	0.7x	0.7x	0.6x	\$ 868	\$ 20.72	0.8x	\$ 423	\$ 10.44
Knight Capital MarketAxess Holdings	\$13.86	82%	\$ 1,360	\$ 1,188	1.0x	1.1x	1.0x	\$1,347	\$ 13.73	1.0x	\$ 938	\$ 9.92
MF Global Holdings	\$20.48	96%	\$ 633	\$ 525	3.7x	3.6x	3.3x	\$ 256	\$ 8.28	2.5x	\$ 220	\$ 7.19
optionsXpress Holdings	\$ 8.39	84%	\$ 1,369	\$ 1,408	0.6x	1.3x	1.1x	\$1,507	\$ 9.24	0.9x	\$1,444	\$ 8.42
Primerica	\$15.43	73%	\$ 886	\$ 656	2.8x	2.9x	2.7x	\$ 352	\$ 6.12	2.5x	\$ 261	\$ 4.46
TD Ameritrade	\$24.31	94%	\$ 1,771	\$ 1,996	1.2x	2.1x	1.8x	\$1,396	\$ 19.17	1.3x	\$1,320	\$ 18.91
	\$18.83	91%	\$10,854	\$11,414	4.5x	4.2x	3.8x	\$3,772	\$ 6.54	2.9x	\$ 181	\$ 0.71

**Trading/Brokerage
Firms High**

			\$20,909	\$17,216	4.5x	4.3x	3.8x	\$6,035	\$121.14	3.5x	\$5,507	\$121.14
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**Trading/Brokerage
Firms Mean**

			\$ 3,388	\$ 3,506	2.1x	2.4x	2.2x	\$1,988	\$ 18.92	1.5x	\$1,477	\$ 17.71
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**Trading/Brokerage
Firms Median**

			\$ 886	\$ 1,188	1.2x	2.5x	2.3x	\$1,347	\$ 8.29	1.1x	\$ 680	\$ 8.42
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**Trading/Brokerage
Firms Low**

			\$ 48	\$ 92	0.4x	0.4x	0.4x	\$ 87	\$ 4.30	0.1x	\$ 83	\$ 1.27
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High ⁽²⁾			\$20,909	\$17,216	8.5x	7.9x	5.5x	\$6,035	\$121.14	7.3x	\$5,507	\$121.14
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Mean ⁽²⁾			\$ 2,262	\$ 2,358	2.0x	2.2x	1.9x	\$1,316	\$ 16.55	1.7x	\$ 995	\$ 13.01
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Median ⁽²⁾			\$ 752	\$ 698	1.3x	1.8x	1.4x	\$ 579	\$ 8.29	1.6x	\$ 342	\$ 7.19
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Low ⁽²⁾			\$ 5	\$ 4	0.1x	0.4x	0.4x	\$ 3	\$ 1.27	0.1x	\$ 3	\$ 1.27
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Hudson	\$ 0.10	23%	\$ 8	\$ 0	NM	NM	NA	\$ 10	\$ 0.12	0.8x	\$ 8	\$ 0
Rodman	\$ 2.69	48%	\$ 91	\$ 83	0.9x	0.9x	0.8x	\$ 53	\$ 1.56	1.7x	\$ 52	\$ 1
Combined Entity	\$ 2.69	48%	\$ 98	\$ 82	0.7x	0.7x	NA	\$ 62	\$ 1.71	1.6x	\$ 60	\$ 1

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Precedent Transactions Analysis

New Century reviewed certain publicly available information regarding 26 selected merger and acquisition transactions that New Century deemed relevant from September 1, 2005 to January 3, 2011 in which financial services companies were acquired (the Precedent Transactions), as shown below. New Century believes that Hudson's shares will be acquired at a discount to the Precedent Transactions for one or more of the following factors, including but not limited to the following: the limited size of the Transaction when compared to the Precedent Transactions, negative cash flow from operations, negative earnings, negative impact of declining capital reserve on monthly FOCUS reports, and retention of customers and employees.

Premiums Paid to U.S. Financial Services Companies

Date	Company	Acquiror	Transaction Value	TV / LTM. Rev	Price / BVPS	Target Stock Offer Premium %				
						1 Day	1 Month	6 Month	1 Year	
12/29/10	Howe Barnes Hoefer & Arnett	Raymond James Gerova Financial Group	NA	NA	NA	NA	NA	NA	NA	
12/7/10	Seymour Pierce	Gerova Financial Group	NA	NA	NA	NA	NA	NA	NA	
12/7/10	Ticonderoga Securities	Group	NA	NA	NA	NA	NA	NA	NA	
9/20/10	Provident Group	International Assets Aquiline Capital Partners	NA	NA	NA	NA	NA	NA	NA	
9/1/10	CRT Capital Group ⁽¹⁾	Partners	\$ 225.0	NA	NA	NA	NA	NA	NA	
8/10/10	Dahlman Rose	Partners	\$ 40.0	NA	NA	NA	NA	NA	NA	
6/16/10	Terra Nova Financial	Lightspeed Financial	\$ 27.6	NA	NA	NA	NA	NA	NA	
4/26/10	Thomas Weisel Partners Group	Stifel Financial Corp	\$ 384.4	1.9x	2.0x	74.4%	94.9%	55.3%	82.4%	
3/19/10	LBBW Securities	Guggenheim Partners	NA	NA	NA	NA	NA	NA	NA	
12/14/09	Mercanti Group	Imperial Capital	NA	NA	NA	NA	NA	NA	NA	
11/12/09	Sanders Morris Harris	Fletcher International	\$ 7.5	1.0x	0.9x	19.7%	23.9%	35.7%	19.7%	
11/2/09	Cowen Group	Ramius	\$ 194.8	1.0x	0.7x	70.6%	80.6%	122.8%	89.4%	
9/30/09	Fox-Pitt Kelton Cochran	Macquarie Group	\$ 146.7	NA	NA	NA	NA	NA	NA	
8/27/09	Merriman Curhan Ford ⁽²⁾	C.E. Unterberg FBR Capital Markets Corp	\$ 10.2	NA	NA	NA	NA	NA	NA	
7/31/09	Watch Hill Partners	Corp	NA	NA	NA	NA	NA	NA	NA	
6/2/09	Spectrum Capital Group	Morgan Keegan Broadpoint Securities Group	NA	NA	NA	NA	NA	NA	NA	
3/3/09	Gleacher Partners ⁽³⁾	Wedbush Morgan Securities	\$ 75.2	9.1x	17.0x	NA	NA	NA	NA	
1/12/09	Pacific Growth Equities	Securities	NA	NA	NA	NA	NA	NA	NA	
12/15/08	Burke Capital Group	Morgan Keegan	\$ 0.8	NA	NA	NA	NA	NA	NA	
12/8/08	Revolution Partners	Morgan Keegan	NA	NA	NA	NA	NA	NA	NA	
11/17/08	First Horizon National	US Dept of the Treasury	\$ 130.0	0.7x	0.7x	4.3%	-10.1%	2.9%	-51.6%	
9/24/08	Peacock, Hislop, Staley	Securities	\$ 11.9	NA	NA	NA	NA	NA	NA	
9/14/08	Merrill Lynch	Bank of America Mizuho Corporate Bank	\$ 36,961.0	0.8x	1.4x	130.3%	65.8%	44.2%	26.1%	
8/21/08	Evercore Partners ⁽⁴⁾	Bank	\$ 120.0	1.0x	1.1x	71.3%	91.5%	7.8%	-5.1%	
3/16/08	Bear Stearns	JPMorgan Chase	\$ 14,780.3	12.5x	0.1x	-66.7%	-87.9%	-91.3%	-93.1%	
1/25/08	Centerline Holding	Related Cos	\$ 131.2	1.0x	0.1x	97.3%	51.9%	-16.1%	-41.8%	
9/13/05	Adams Harkness Fin. Group	Canaccord Capital	\$ 21.2	NA	NA	NA	NA	NA	NA	
				High	12.5x	17.0x	130.3%	94.9%	122.8%	89.4%

			Mean	3.2x	0.9x	50.2%	38.8%	20.2%	3.2%	
			Median	1.0x	0.8x	71.0%	58.9%	21.8%	7.3%	
			Low	0.7x	0.1x	-66.7%	-87.9%	-91.3%	-93.1%	
1 /4 /11	Hudson	Rodman	\$	6.9	0.2x	0.7x	NA	16.7%	-37.8%	-66.7%

Source: Thomson One Banker, as of January 3, 2011.

- (1) Aquiline Capital Partners acquired an undisclosed majority stake in CRT Capital Group.
- (2) Merriman Curhan Ford raised \$10.2 in preferred stock to C.E. Unterberg.
- (3) The Gleacher Partners/Broadpoint transaction PV/BVPS is excluded from the Mean calculation.
- (4) Mizuho Corporate Bank acquired a 46.7% stake in Evercore Partners.

Premiums Paid Analysis

New Century prepared a Premiums Paid Analysis for public precedent transactions and analyzed the premiums relative to the relative historical exchange ratios. The discount and premium to the historical exchange ratios was within the range of premiums paid on precedent transactions of 30% premium to 90% discount.

Deal Value Summary

	-11.1%	-10.6%	-10.1%	-9.6%	-9.1%	-6.4%	-3.7%	-1.0%	1.7%
Premium / (Discount) to Spot Price Relative Exchange Ratio⁽¹⁾	0.0298x	0.0308x	0.0318x	0.0328x	0.0338x	0.0348x	0.0358x	0.0368x	0.0378x
Deal Price Per Share	\$ 0.080	\$ 0.083	\$ 0.086	\$ 0.088	\$ 0.091	\$ 0.094	\$ 0.096	\$ 0.099	\$ 0.102
Tgt Shares (MM) ⁽²⁾	x 77.0	x 77.0	x 77.0	x 77.0	x 77.0	x 77.0	x 77.0	x 77.0	x 77.0
Equity Transaction Value (\$MM)	\$ 6.17	\$ 6.38	\$ 6.59	\$ 6.79	\$ 7.00	\$ 7.21	\$ 7.41	\$ 7.62	\$ 7.83
Net Debt (\$MM) ⁽³⁾	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)	(\$ 7.2)
Enterprise Value (\$MM)	(\$ 1.0)	(\$ 0.8)	(\$ 0.6)	(\$ 0.4)	(\$ 0.2)	(\$ 0.0)	\$ 0.2	\$ 0.4	\$ 0.6

Implied Multiples Paid

Equity Transaction Value (\$MM) Operating Statistic	\$ 6.17	\$ 6.38	\$ 6.59	\$ 6.79	\$ 7.00	\$ 7.21	\$ 7.41	\$ 7.62	\$ 7.83
CY 2009 Hudson Revenue ⁽⁴⁾	\$ 39.1	0.16x	0.16x	0.17x	0.17x	0.18x	0.18x	0.19x	0.20x
CY 2010 Hudson Revenue ⁽⁴⁾	\$ 34.1	0.18x	0.19x	0.19x	0.20x	0.21x	0.21x	0.22x	0.23x

Premium / (Discount) to Historical Exchange Ratio

Premium / (Discount) to Spot Price Relative Exchange Ratio Exchange Ratio Period	-11.1%	-10.6%	-10.1%	-9.6%	-9.1%	-6.4%	-3.7%	-1.0%	1.7%
Exchange Ratio Period	0.0298x	0.0308x	0.0318x	0.0328x	0.0338x	0.0348x	0.0358x	0.0368x	0.0378x
Spot (January 3, 2011)	0.0372x	(19.8)%	(17.1)%	(14.4)					