

LABRANCHE & CO INC
Form DEF 14A
April 08, 2010

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

LaBRANCHE & CO INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

LABRANCHE & Co INC.
33 Whitehall Street
New York, New York 10004

April 8, 2010

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders to be held on Tuesday, May 18, 2010 at 9:00 a.m., Eastern Standard Time, at the Down Town Association, 60 Pine Street, New York, New York 10005.

The formal Notice of Meeting and the accompanying Proxy Statement set forth four proposals for your consideration this year. This year, you are being asked to (1) elect two Class II directors; (2) consider and approve a new LaBranche & Co Inc. 2010 Equity Incentive Plan to replace our former Equity Incentive Plan that terminated in August 2009; (3) consider and approve our adoption of a new Senior Executive Bonus Plan to replace our current Senior Executive Bonus Plan and (4) ratify our appointment of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

At the meeting, our Board of Directors will be pleased to report on our affairs, and a discussion period will be provided for questions and comments of general interest to stockholders.

We are pleased to take advantage of the e-proxy rules of the Securities and Exchange Commission that allows companies to furnish proxy materials to stockholders via the Internet. We believe the new rules will allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. Accordingly, on or about April 8, 2010, we began mailing to certain stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2009 via the Internet and how to vote online (www.proxyvote.com). The Notice of Internet Availability of Proxy Materials and this proxy statement also contain instructions on how to receive a paper copy of the proxy materials.

Whether you receive the Notice of Internet Availability of Proxy Materials or paper copies of our proxy materials, the proxy statement, the proxy card, our Annual Report and any amendments to the foregoing materials that are required to be furnished to stockholders are available for you to review online at www.proxyvote.com.

We look forward to greeting personally those of you who will be present at the meeting. However, whether or not you are able to be with us at the meeting, it is important that your shares be represented. You have the option to vote and submit your proxy by the Internet or by phone in accordance with the instructions set forth on your proxy card or by completing and returning the enclosed proxy card in the postage prepaid envelope provided. Submitting your proxy by either Internet, telephone or proxy card will not affect your right to vote in person if you decide to attend the Annual Meeting.

Thank you for your cooperation.

Very truly yours,

GEORGE M.L. LABRANCHE, IV

Chairman, Chief Executive Officer and President

LABRANCHE & Co INC.
33 Whitehall Street
New York, New York 10004

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 18, 2010

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of LaBranche & Co Inc. will be held on Tuesday, May 18, 2010 at 9:00 a.m., Eastern Standard Time, at the Down Town Association, 60 Pine Street, New York, New York 10005 for the following purposes:

- (1) To elect two Class II directors, to serve for a term of three years;
- (2) To consider and approve a new LaBranche & Co Inc. 2010 Equity Incentive Plan;
- (3) To consider and approve our adoption of a new Senior Executive Bonus Plan to replace our current Senior Executive Bonus Plan;
- (4) To ratify our appointment of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2010; and
- (5) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 19, 2010 are entitled to notice of, and to vote, at the Annual Meeting or any adjournment thereof. A list of the stockholders of record as of March 19, 2010 will be available for inspection at the Annual Meeting. Additional information regarding the matters to be acted on in the Annual Meeting is included in the accompanying Proxy Statement.

All stockholders are cordially invited to attend the Annual Meeting in person. However, whether or not you plan to attend the Annual Meeting in person, you are urged to vote by any of the three methods below:

- (1) By Internet: go to www.proxyvote.com have your proxy card available when you access the web site and follow the instructions to obtain your records and vote;
- (2) By phone: call 1-800-690-6903 (toll-free); or
- (3) By mail: complete and return the enclosed proxy card in the postage prepaid envelope provided.

If your shares are held in the name of a broker, bank or other stockholder of record, please follow the voting instructions that you receive from the stockholder of record entitled to vote your shares. Stockholders who attend the Annual Meeting may revoke their proxy and vote their shares in person.

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By Order of the Board of Directors

STEPHEN H. GRAY

Secretary

New York, New York

April 8, 2010

LABRANCHE & Co INC.
33 Whitehall Street
New York, New York 10004

PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement, which was first mailed to stockholders on or about April 8, 2009, is furnished to the holders of the common stock, par value \$.01 per share, of LaBranche & Co Inc. in connection with the solicitation by our Board of Directors of proxies for use at the 2010 Annual Meeting of Stockholders, or at any adjournment thereof (the Annual Meeting), pursuant to the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held on Tuesday, May 18, 2010 at 9:00 a.m., Eastern Standard Time, at the Down Town Association, 60 Pine Street, New York, New York 10005.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS:

Pursuant to the e-proxy rules of the Securities and Exchange Commission, we are furnishing our proxy materials to stockholders of record via the Internet. Accordingly, in compliance with this e-proxy process, on or about April 8, 2010, we began mailing to certain stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2009 via the Internet and how to vote online (www.proxyvote.com). If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy material unless you request one. If you would like to receive a printed or electronic copy of the proxy materials, free of charge, you should follow the instructions for requesting such materials included in the Notice and on the website (www.proxyvote.com).

You have the option to vote and submit your proxy by the Internet. If you have Internet access, we encourage you to record your vote by the Internet. When you vote by the Internet, your vote is recorded immediately, and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. If you do not vote by the Internet, please vote by telephone or by completing and returning the enclosed proxy card in the postage prepaid envelope provided. Submitting your proxy by either Internet, telephone or proxy card will not affect your right to vote in person if you decide to attend the Annual Meeting.

It is proposed that at the Annual Meeting our stockholders (1) elect two Class II directors; (2) consider and approve a new LaBranche & Co Inc. 2010 Equity Incentive Plan; (3) consider and approve our adoption of a new Senior Executive Bonus Plan to replace our current Senior Executive Bonus Plan and (4) ratify our appointment of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

Management currently is not aware of any other matters that will come before the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons designated as proxies intend to vote in accordance with their best judgment on such matters.

Proxies for use at the Annual Meeting are being solicited by and on behalf of our Board of Directors primarily through the use of the mails. We have retained Morrow & Co., Inc., a professional proxy solicitation firm, to assist in the solicitation of proxies and will pay Morrow & Co., Inc. a fee of approximately \$6,000 for its services. In addition, our officers, directors, employees and other agents, none of whom will receive additional compensation therefor, may solicit proxies by telephone, facsimile or other personal contact. We will bear the cost of the solicitation of proxies, including postage, printing and handling and will reimburse the reasonable expenses of brokerage firms and others for forwarding

material to beneficial owners of shares of our common stock.

VOTING INSTRUCTIONS AND INFORMATION

Who can vote at the Annual Meeting?

You may vote your shares at the Annual Meeting only if you were a stockholder of record at the close of business on March 19, 2010. On that date, 42,947,856 shares of our common stock were outstanding and we had no other class of equity securities issued and outstanding. Subject to the voting limitations described below under *What are the voting and ownership limitations?*, you are entitled to one vote for each share of common stock you own for each matter to be voted on at the Annual Meeting. The number of shares you own (and may vote) is listed on the proxy card.

What proposals will be voted on at the meeting?

There are four proposals to be considered and voted on at the meeting:

To elect two Class II directors to hold office until the 2013 annual meeting of stockholders and until their successors are duly elected and qualified;

To consider and approve a new LaBranche & Co Inc. 2010 Equity Incentive Plan;

To consider and approve our adoption of a new Senior Executive Bonus Plan; and

To ratify the selection of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

You may also vote on any other business that properly comes before the Annual Meeting.

How does the Board of Directors recommend I vote?

Our Board of Directors unanimously recommends that you vote:

FOR each of the nominees to the Board of Directors;

FOR the approval of the new LaBranche & Co Inc. 2010 Equity Incentive Plan;

FOR the approval of our adoption of a new Senior Executive Bonus Plan; and

FOR ratification of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2010.

Who is a stockholder of record?

During the ten days prior to the Annual Meeting, a list of the stockholders of record as of March 19, 2010 will be available for inspection as described below under *How can I view the stockholders list?*

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If you hold our common stock that is registered in your name on our records of maintained by our transfer agent, BNY Mellon Shareowner Services, you are a stockholder of record; or

If you hold our common stock indirectly through a broker, bank or similar institution, you are not a stockholder of record, but instead hold in street name.

How can I view the stockholders list?

A list of the stockholders of record as of March 19, 2010 will be available for inspection during ordinary business hours at our offices located at LaBranche & Co Inc., 33 Whitehall Street, New York, NY 10004, for ten days prior to the Annual Meeting, as well as at the Annual Meeting. To make arrangements to review the list prior to the Annual Meeting, stockholders should contact our Secretary at (212) 820-6280. In accordance with our security procedures, all persons requesting to inspect the stockholder list, either at our offices or the location of the Annual Meeting, must wear proper attire and present an acceptable form of photo identification, such as a passport or driver's license.

How do I vote?

You may submit your proxy with voting instructions in one of four ways:

By Internet. The web address and instructions for Internet voting can be found on the enclosed proxy card. You will be required to provide your assigned control number located on the proxy card. Internet voting is available 24 hours a day. If you choose to vote by Internet, then you do not need to return the proxy card. To be valid, your vote by Internet must be received by 11:59 p.m., New York time, on May 17, 2010.

By Telephone. The toll-free number for telephone voting can be found on the enclosed proxy card. You will be required to provide your assigned control number located on the proxy card. Telephone voting is available 24 hours a day. If you choose to vote by telephone, then you do not need to return the proxy card. To be valid, your vote by telephone must be received by 11:59 p.m., New York time, on May 17, 2010.

By Mail. Mark the enclosed proxy card, sign and date it, and return it in the postage-paid envelope we have provided. To be valid, your vote by mail must be received by 11:59 p.m., New York time, on May 17, 2010.

At the Annual Meeting. You can vote your shares in person at the Annual Meeting. (See *What do I need to do to attend the Annual Meeting?* below).

You may contact our solicitation agent, Morrow & Co., Inc. (telephone: (800) 662-5200 or (203) 658-9400; email: Labranche.info@morrowco.com) with any questions.

What do I need to do to attend the Annual Meeting?

You may also attend the Annual Meeting and vote your shares in person by ballot. If you plan to attend the Annual Meeting in person you will need to bring proof of your ownership of our common stock as of the close of business on March 19, 2010.

If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the Annual Meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of our common stock as of the close of business on March 19, 2010. Alternatively, in order to vote at the meeting, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the Annual Meeting.

In accordance with our security procedures, all persons attending the Annual Meeting must wear proper attire and present an acceptable form of photo identification.

How can I revoke my proxy or substitute a new proxy or change my vote?

Attending the Annual Meeting will not automatically revoke a proxy that was submitted through the Internet or by telephone or mail. You can revoke your proxy or substitute a new proxy at any time before your proxy is voted at the Annual Meeting as described below.

For a Proxy Submitted by Internet or Telephone:

Subsequently submitting in a timely manner a new proxy through the Internet or by telephone; or

Executing and mailing a later-dated proxy card that is received by us prior to 11:59 p.m., New York time, on May 17, 2010; or

Voting in person at the Annual Meeting.

For a Proxy Submitted by Mail:

Subsequently executing and mailing another proxy card bearing a later date; or

Giving written notice of revocation to our Secretary at 33 Whitehall Street, New York, NY 10004 that is received by us prior to 11:59 p.m., New York time, on May 17, 2010; or

Voting in person at the Annual Meeting.

Stockholders holding in street name should follow carefully the voting instructions provided by their broker, bank or other custodian, as further discussed below. As noted, if you hold in street name and would like to vote at the meeting, you should obtain an executed proxy from your custodian.

If I submit a proxy by Internet, touch-tone telephone or mail, how will my shares be voted?

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions.

If you sign, date and return your proxy card but do not give voting instructions, your shares will be voted as follows: **FOR** the election of our Class II director nominees, **FOR** the approval of a new LaBranche & Co Inc. 2010 Equity Incentive Plan, **FOR** the approval of our adoption of a new Senior Executive Bonus Plan, and **FOR** the ratification of the appointment of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2010, and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

If I hold my shares in street name through a U.S. financial intermediary and do not provide voting instructions, can my broker still vote my shares?

Under NYSE member rules, a member broker (i.e., a member of the New York Stock Exchange) who holds shares in street name for customers (other than our LaBranche Financial Services, Inc. subsidiary) generally has the authority to vote on certain routine or discretionary proposals if it has transmitted proxy soliciting materials to the beneficial owner but has not received instructions from that owner. However, NYSE-member brokers are not authorized to vote on non-routine proposals without voting instructions from the beneficial owners the result is a broker non-vote (for more on the treatment of broker non-votes, see below). Two proposals being presented to a vote at the upcoming Annual Meeting are considered routine under NYSE rules, and therefore appropriate for a discretionary voting by NYSE-member brokers without customer instructions (1) the approval of our new proposed Senior Executive Bonus Plan and (2) the ratification of the Board of Director's appointment of our independent registered public accounting firm. Certain member brokers, such as our LaBranche Financial Services, LLC subsidiary, will only vote uninstructed shares on this proposal in the same proportion as the instructions received from all other stockholders. These procedures will not apply to beneficial owners who hold their shares through non-U.S. financial intermediaries because they are not NYSE member firms, unless otherwise provided for by contract.

Please note that, until this year, an uncontested election of directors was considered a routine proposal on which NYSE member firms had the authority to vote uninstructed customer shares. The NYSE changed its member rules in 2009, with the approval of the Securities and Exchange Commission (SEC), to make this type of proposal non-routine, thereby barring member brokers from exercising discretionary voting power with respect to uninstructed customer shares. Accordingly, if you hold shares through a NYSE-member broker, which is true of most U.S. brokerage firms, it is more important than ever this year that you exercise your right to instruct your broker on how to vote in connection with the election of directors, as well as the proposal relating to the approval of our 2010 Equity Incentive Plan. If you hold your shares through a bank or other non-broker custodian, you should be aware that many of them follow the NYSE rules on discretionary voting of street-name shares absent an agreement with you to the contrary.

How many votes are required to transact business at the Annual Meeting?

A majority of all outstanding shares entitled to vote at the Annual Meeting constitutes a quorum (*i.e.*, the minimum number of shares that must be present or represented by proxy at the Annual Meeting in order to transact business). Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present.

Broker non-votes are proxies returned by brokerage firms for which no voting instructions have been received from beneficial owners. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment or postponement of the Annual Meeting, unless a new record date is set).

How are votes counted?

Election of Directors

Under our by-laws, the affirmative vote of the holders of a plurality of the shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required for the election of directors. Accordingly, each of the directorships to be filled at the Annual Meeting will be filled by the nominee receiving the highest number of votes. In the election of each director, votes may be cast in favor of, against or withheld with respect to each nominee. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote. Abstentions, broker non-votes and instructions on the accompanying proxy card to withhold authority to vote for either nominee will not be counted as a vote for such nominee.

Approval of our new LaBranche & Co Inc. 2010 Equity Incentive Plan

The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve our new LaBranche & Co Inc. Equity Incentive Plan. An abstention from voting on this matter will be treated as present for purposes of determining the presence or absence of a quorum, but it will have the practical effect of a vote against this proposal because the abstention results in one less vote for such proposal. Broker non-votes are not treated as a vote for or against the approval of the new LaBranche & Co Inc. 2010 Equity Incentive Plan, and thus will not have any impact on the outcome of the vote on this proposal.

Approval of our adoption of a new Senior Executive Bonus Plan

The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve our new Senior Executive Bonus Plan. An abstention from voting on this matter will be treated as present for purposes of determining the presence or absence of a quorum, but it will have the practical effect of a vote against this proposal because the abstention results in one less vote for such proposal. Broker non-votes are not treated as a vote for or against the approval of the new Senior Executive Bonus Plan, and thus will not have any impact on the outcome of the vote on this proposal.

Ratification of our appointment of Rothstein, Kass & Company, P.C. as our Independent Registered Public Accounting Firm

The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify our appointment of Rothstein, Kass & Company, P.C. as our independent registered public accounting firm for the year ending December 31, 2010. An abstention from voting on this matter will be treated as present for purposes of determining the presence or absence of a quorum, but it will have the practical effect of a vote against this

proposal because the abstention results in one less vote for such proposal. Broker non-votes are not treated as a vote for or against the ratification of Rothstein, Kass & Company, P.C., and thus will not have any impact on the outcome of the vote on this proposal.

Who pays for the expenses of this proxy solicitation?

We will bear the cost of soliciting proxies. Our directors, officers and employees may solicit proxies on behalf of the Board through regular and electronic mail, telephone, fax and personal contact. Morrow & Co., Inc. has been retained to assist in soliciting proxies at a fee of approximately \$6,000, plus distribution costs and other expenses. Directors, officers and employees of the Company will receive no additional compensation for soliciting proxies.

Where can I find more information about LaBranche & Co Inc.?

We are required to file annual, quarterly and current reports, proxy statements and other reports with the SEC. Copies of these filings are available through our Internet website at www.labranche.com and on the SEC's website at www.sec.gov. We will furnish copies of our SEC filings (without exhibits), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, without charge to any stockholder upon written or oral request to our Investor Relations Department, at 33 Whitehall Street, New York, NY 10004, or contacting our Investor Hotline, at (212) 482-3593, or our Investor E-mail, at ivandewoude@labranche.com.

BENEFICIAL OWNERSHIP OF COMMON STOCK BY CERTAIN**STOCKHOLDERS AND MANAGEMENT**

The following table sets forth information as of March 19, 2010 regarding the beneficial ownership of our common stock by: (i) each person known by us to own beneficially more than five percent of our outstanding common stock; (ii) each of our directors and nominees for director; (iii) each executive officer named in the Summary Compensation Table (see Executive Compensation below); and (iv) all our directors and executive officers as a group.

All persons listed have sole voting and investment power with respect to their shares unless otherwise indicated. Unless otherwise indicated, the address of each beneficial owner is: c/o LaBranche & Co Inc., 33 Whitehall Street, New York, New York 10004. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock issuable pursuant to options, to the extent such options are exercisable or convertible within 60 days after March 19, 2010, are treated as outstanding for purposes of computing the percentage ownership of the person holding such securities, but are not treated as outstanding for purposes of computing the percentage of any other person.

Name and Address	Shares Beneficially Owned	Percentage of Shares Beneficially Owned
of Beneficial Owner (1)		
George M.L. (Michael) LaBranche, IV (2)	3,201,094	7.4%
Alfred O. Hayward, Jr. (3)	1,519,675	3.5%
Katherine Elizabeth Dietze	26,501	*
Donald E. Kiernan	48,745	*
Stuart M. Robbins (4)	27,541	*
William J. Burke, III	632,669	1.5%
Jeffrey A. McCutcheon	20,235	*
Stephen H. Gray	11,391	*
All executive officers and directors as a group (8 persons) (5)	5,487,851	12.7%
Kinetics Asset Management, Inc. (6)	7,345,443	17.1%
470 Park Avenue South		
4th Floor South		
New York, NY 10016		
BlackRock Inc. (7)	4,375,142	10.2%
40 East 52nd Street		
New York, NY 10022		
Dimensional Fund Advisors LP (8)	2,662,256	6.2%
1299 Ocean Avenue		
Santa Monica, CA 90401		
Torrey LLC	2,474,102	5.8%
Robert E. Torrey		
7501 Wisconsin Ave.		
Bethesda, MD 20814 (9)		
Robert E. Torrey (9)	2,592,074	6.0%

c/o Torray LLC

7501 Wisconsin Ave.

Bethesda, MD 20814

*Less than 1%

- (1) Each of our managing directors at the time of our initial public offering in August 1999 entered into a stockholders' agreement pursuant to which he or she agreed to vote his or her shares as determined by a majority of Messrs. LaBranche, Hayward and James G. Gallagher, our former director and executive officer who retired in January 2003. Messrs. LaBranche, Hayward and Gallagher beneficially own an aggregate of 5,820,769 shares of common stock, constituting approximately 9.9% of the outstanding shares of our common stock. As a result of the stockholders' agreement, Messrs. LaBranche, Hayward and Gallagher, acting together as a group, may be deemed to beneficially own an aggregate of approximately 7,040,769 shares of common stock (including the 5,820,769 shares beneficially owned by them individually), constituting approximately 16.3% of the outstanding shares of our common stock. Each of Messrs. LaBranche, Hayward and Gallagher disclaims beneficial ownership of any and all shares of our common stock held by any person or entity other than him.
- (2) Includes 1,300,000 shares of common stock held by Mr. LaBranche's wife. Also includes options to purchase 200,000 shares of our common stock which are exercisable within 60 days.
- (3) Includes options to purchase 30,000 shares of our common stock which are exercisable within 60 days.
- (4) Includes 5,000 shares held by The Robbins Family LLC, a trust for the benefit of Mr. Robbins and his family.
- (5) Includes options to purchase 230,000 shares of our common stock which are exercisable within 60 days.
- (6) As reported on a Schedule 13F filed on February 10, 2010.
- (7) As reported on a Schedule 13G filed on January 29, 2010. According to the Schedule 13G, the filing amends the most recent Schedule 13G filing, if any, made by BlackRock and the most recent Schedule 13G filing, if any, made by Barclays Global Investors, NA and certain of its affiliates (Barclays Global Investors, NA and such affiliates are collectively referred to as the "BGI Entities") with respect to shares of our common stock. On December 1, 2009, BlackRock completed its acquisition of Barclays Global Investors from Barclays Bank PLC. As a result, substantially all of the BGI Entities are now included as subsidiaries of BlackRock for purposes of Schedule 13G.
- (8) As reported on a Schedule 13F filed on February 10, 2010. According to the Schedule 13G, Dimensional Fund Advisors LP ("Dimensional"), is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, and furnishes investment advice to four investment companies registered under the Investment Company Act of 1940 (the "Funds"). In a Schedule 13G filed by Dimensional on February 8, 2010, Dimensional provides that, in its role as investment advisor or manager, it possesses investment and/or voting power over our common stock that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. Dimensional states in its Schedule 13G that the shares reported are owned by the Funds, and Dimensional disclaims beneficial ownership of those shares.
- (9) As reported on Schedule 13Gs filed on February 16, 2010. According to the Schedule 13Gs, Mr. Torray individually owns 2,592,074 shares of our common stock. Two investment funds that are managed Torray LLC, of which Mr. Torray is the founder and Chairman collectively own 2,474,102 shares of our common stock. Torray LLC has shared voting and investment power with respect to these shares. Mr. Torray disclaims beneficial ownership of these shares.

PROPOSAL NO. 1 ELECTION OF CLASS II DIRECTORS

Two Class II directors are to be elected at the Annual Meeting. Our Board of Directors has been classified pursuant to our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"). In accordance with the provisions of the Certificate of Incorporation, our directors are divided into three classes, designated Class I, Class II and Class III. Each class consists, as nearly as possible, of one-third of the total number of directors constituting our entire Board of Directors. Currently, our Class II directors will serve until this Annual Meeting, our Class III directors will serve until the 2011 annual meeting of our stockholders and our Class I directors will serve until the 2012 annual meeting of our stockholders. At each annual meeting of our stockholders, successors to the directors whose terms expire at that annual meeting are elected for a three-year term. The Annual Meeting will be our 11th annual meeting since our initial public offering in August 1999.

Katherine Elizabeth Dietze and Donald E. Kiernan currently serve as Class II directors for a term expiring at this Annual Meeting or at a special meeting in lieu thereof; Stuart M. Robbins currently serve as our Class III director for a term expiring at the 2011 annual meeting of our stockholders or at a special meeting in lieu thereof; and Michael LaBranche and Alfred O. Hayward, Jr. currently serve as Class I directors for a term expiring at the 2012 Annual Meeting or at a special meeting in lieu thereof. Ms. Dietze and Mr. Kiernan have been recommended by our Nominating & Corporate Governance Committee for election as Class II directors at the Annual Meeting. Based on this recommendation, our Board of Directors has nominated Ms. Dietze and Mr. Kiernan for election as Class II directors at the Annual Meeting. If either Ms. Dietze or Mr. Kiernan becomes unavailable for any reason, or if a vacancy should occur before the election, the shares represented by the proxy will be voted for the person, if any, who is designated by our Board of Directors to replace the nominee or to fill the vacancy. Each of Ms. Dietze and Mr. Kiernan has consented to be named and has indicated her/his intent to serve if elected. Our Board of Directors has no reason to believe that either Ms. Dietze or Mr. Kiernan will be unable to serve or that any vacancy on the Board of Directors will occur.

The following information, as of April 8, 2009, is provided with respect to the nominees for election as Class II directors at the Annual Meeting:

Nominee	Age	Year First Became Director	Biography and Qualifications
Katherine Elizabeth Dietze	52	2007	Ms. Dietze has been a member of our board of directors since January 2007. Ms. Dietze spent over 20 years in the financial services industry prior to her retirement in 2005. From 2003 to 2005, Ms. Dietze was Global Chief Operating Officer for Credit Suisse First Boston. From 1996 to 2003, she was a Managing Director in Credit Suisse First Boston's Telecommunications Group. Prior to that, Ms. Dietze was a Managing Director and Co-Head of the Telecommunications Group in Salomon Brothers Inc's Investment Banking Division. Ms. Dietze began her career at Merrill Lynch Money Markets after which she moved to Salomon Brothers Inc to work on money market products and later became a member of the Debt Capital Markets Group. Ms. Dietze is a member of the board of directors and chairs the compensation committee of Matthews International Corporation, a designer, manufacturer and marketer of memorialization products and brand solutions.

Our Board believes that Ms. Dietze's experience in the financial services industry and her perspective as a female director brings a wealth of diverse and informed decision-

Nominee	Age	Year First Became Director	Biography and Qualifications
Donald E. Kiernan	69	2003	<p>making skills to the Board and our Company, particularly concerning trading, investment banking, financial reporting and internal control issues. Our Board values Ms. Dietze's service as Chair of our Audit Committee, and, as one of two financial experts on our Audit Committee. Since Ms. Dietze is a director who lives in New York, our Board also values her visits to our Company and meetings with our management and our independent registered public accounting firm to discuss financial and internal control issues of interest to her as our Chair of the Audit Committee.</p> <p>Mr. Kiernan has been a member of our Board of Directors since March 2003. Mr. Kiernan was Senior Executive Vice President and Chief Financial Officer of SBC Communications Inc. from October 1993 until his retirement in August 2001. From 1990 to October 1993, he served as Vice President of Finance for SBC Communications Inc. Mr. Kiernan is a Certified Public Accountant and was an accountant and partner of Arthur Young & Company and its successor firm, Ernst & Young LLP for more than 20 years. Mr. Kiernan currently serves on the board of directors Health Management Associates, Inc., and has served in the past on the boards of directors and chaired the audit committees of MoneyGram International, Inc. and Seagate Technology.</p>

Our Board believes that Mr. Kiernan's experience of over 30 years as the Chief Financial Officer and Vice President of Finance of a large public company, as partner of a large accounting firm, and as a member of boards and chairman of audit committees of other public companies provides our Board and company substantial business, financial experience and expertise. Our Board values Mr. Kiernan's services as Lead Director, including the collegial but independent manner with which he performs his duties as Lead Director, his services as Chair of our Nominating & Corporate Governance Committee, his service as one of two financial experts on our Audit Committee, and his institutional knowledge and experience as the Board's longest serving independent Director.

The following information, as of April 8, 2009, is provided with respect to our Class I and Class III directors, who are not standing for election at the Annual Meeting:

Nominee	Age	Year First Became Director	Biography and Qualifications
Michael LaBranche	54	1999	<p>Mr. LaBranche has been our Chairman, Chief Executive Officer and President since our initial public offering in August 1999. Mr. LaBranche joined our Company as a trader in 1977, and has served as Chairman of the Management Committee of LaBranche & Co. LLC since 1996 and as a member of the Management Committee of LaBranche & Co. LLC since 1988.</p> <p>Our Board believes that Mr. LaBranche's more than 30 years experience in our Company, the financial services industry, and the market-making industry that forms the substantial majority of our operational activities, provides an enormous asset to the Board and our Company. Our Board also believes that Mr. LaBranche's vision and leadership have been instrumental in the performance of our organization, and that Mr. LaBranche has contributed particularly extraordinarily to the Board and our Company during the challenging economic and market conditions our Company has faced in recent years.</p>
Alfred O. Hayward, Jr.	62	1999	<p>Mr. Hayward has been our Executive Vice President and a member of our Board of Directors since our initial public offering in August 1999. In November 2003, Mr. Hayward became Chief Executive Officer of our LaBranche & Co. LLC subsidiary. Mr. Hayward was a specialist with LaBranche & Co. LLC from 1983 to 2005 and has served as a member of the Management Committee of LaBranche & Co. LLC since 1994. Mr. Hayward currently serves as Secretary/Treasurer of the Buttonwood Foundation and has also served as the Chairman of the NYSE's Allocation Committee.</p> <p>Our Board values Mr. Hayward's knowledge of our entire organization, our product lines, the regulatory environment in which we operate, his more than 40 years of experience, his relationships in the financial services industry and the perspective he provides our Board as a long-time member of our management.</p>
Stuart M. Robbins	66	2007	<p>Mr. Robbins has been a member of our Board of Directors since January 2007. Mr. Robbins spent 33 years in the investment banking industry prior to his retirement in 2000. From 1994 to 2000, Mr. Robbins served as Managing Director of Global Equities and as a member of the Board of Directors of Donaldson, Lufkin & Jenrette. From 1987 to 1994, he was Managing Director and Director of Research for DLJ. While at DLJ, he was also Chair of DLJ International (Equities), Chair of Autranet</p>

Nominee	Age	Year First Became Director	Biography and Qualifications
			<p>and a member of DLJ's Executive Committee. Mr. Robbins also represented DLJ, as a Director of First Call, one of Wall Street's leading information providers. Since 2000, Mr. Robbins has participated in various business, consulting and charitable activities, including services as Chair of the Board of Directors of SoundView Technology Group, an independent research provider specializing in technology research, from 2002 to 2004, leading up to its merger with Charles Schwab. Mr. Robbins also served as a Director of Archipelago Holdings, a leading electronic securities exchange, from its initial public offering through its merger with the New York Stock Exchange in March 2006. Mr. Robbins also currently serves as a member of the board and executive committee of the Blanchette Rockefeller Neurosciences Institute, a non-profit institute dedicated to the study of both memory and memory disorders. Before 1987, Mr. Robbins was a research analyst and retail industry specialist and was designated an Institutional Investor All Star analyst for 10 consecutive years.</p>

Our Board believes that Mr. Robbins brings significant trading and management experience in the financial services industry to his role as an independent director of our Board. Mr. Robbins' supervision of DLJ's equity trading desk and research department provides our Board the benefit of his experience at DLJ and his understanding of our institutional brokerage business, trading strategies and risk management issues. Mr. Robbins' service on the boards of DLJ, Soundview and Archipelago, and his services on the board and executive committee of the Blanchette Rockefeller Neurosciences Institute, provides our Board his additional useful knowledge and perspective concerning our business and governance. Our Board also values Mr. Robbins' service as Chair of our Compensation Committee, and the manner in which he has used his knowledge and experience in our industry in guiding the Compensation Committee's decision-making.

VOTE REQUIRED

The two nominees for Class II director receiving the highest number of affirmative votes will be elected as Class II directors. Only votes cast for a nominee will be counted, except that the accompanying proxy will be voted for each nominee in the absence of instructions to the contrary. Abstentions, broker non-votes and instructions on the accompanying proxy card to withhold authority to vote for either of the nominees will not be counted as a vote for such nominee.

OUR BOARD OF DIRECTORS DEEMS THE ELECTION OF BOTH THE NOMINEES AS CLASS II DIRECTORS TO BE IN OUR AND OUR STOCKHOLDERS' BEST INTERESTS AND RECOMMENDS A VOTE FOR THE ELECTION OF THESE NOMINEES.

CORPORATE GOVERNANCE

Board of Directors

Our Board of Directors currently consists of five members, a majority of whom have been determined to be non-management and independent within the meaning of the listing standards of the NYSE and applicable SEC rules governing the composition and responsibilities of audit committees. Our Board has determined, upon recommendation from our Nominating & Corporate Governance Committee, that Katherine Elizabeth Dietze, Donald E. Kiernan and Stuart M. Robbins have no direct or indirect material relationship with us other than in their capacity as directors, and thus are non-management and independent directors in accordance with NYSE rules and under the SEC's audit committee independence standards. Three of our five directors, therefore, are non-management or independent directors. In making these determinations, the Board applied the standards set forth in our Amended and Restated Corporate Governance Guidelines, which state that a prospective board member will not be deemed non-management and independent if, within the preceding three years:

he or she was employed by us or a member of his or her immediate family was one of our officers;

he or she (or his or her immediate family member) received direct compensation from us (other than compensation for service as a director, or compensation related to a pension or deferred compensation plan) of more than \$120,000/year;

he or she was affiliated with, or was employed by, our internal or external auditor or a member of his or her immediate family was affiliated with, or employed in a professional capacity by, our internal or external auditor;

he or she (or his or her immediate family member) was part of a Compensation Committee interlock involving one of our executive officers (or his or her immediate family member);

he or she was an executive officer or employee of a company that makes payments to, or receives payments from, us in amounts exceeding the greater of \$1 million or 2% of the other company's consolidated gross revenues, or his or her immediate family member was an executive officer of a company that makes payments to, or receives payments from, us in amounts exceeding the greater of \$1 million or 2% of the other company's consolidated gross revenues; or

he or she is an executive officer or employee of another company who is indebted to us, or to which we are indebted, and the total amount of such indebtedness at the end of the last completed fiscal year is more than one percent of the other company's total consolidated assets.

In addition, a director will not be non-management and independent if, at the time of the independence determination, the director serves as an officer, director or trustee of a charitable organization, and our discretionary charitable contributions to the organization are more than one percent of that organization's total annual charitable receipts during its last completed fiscal year.

These independence standards can also be obtained in the Corporate Governance Guidelines posted on our Company website at www.labranche.com and then clicking on Investor Relations and then Corporate Governance.

During 2009, the Board of Directors held 12 meetings. During 2009, all our Directors attended nearly all of the meetings of the Board and meetings of committees of the Board on which they served. The Board of Directors also regularly held executive sessions of the independent directors. Donald E. Kiernan served as Lead Director for these executive sessions in 2009. Mr. Kiernan, the Chair of our Nominating & Corporate Governance Committee, has been designated as Lead Director for these executive sessions in 2010. Any stockholder who wishes to communicate with our Lead Director should direct written correspondence to our Secretary at LaBranche & Co Inc., 33 Whitehall Street, New York, NY 10004. The Secretary will forward such communications to our Lead Director.

Messrs. LaBranche and Hayward attended our 2009 annual meeting of stockholders. We do not have a written policy on directors' attendance at our annual stockholders' meetings.

Our Board of Directors has three standing committees: the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee. Our three independent, non-management directors, Katherine Elizabeth Dietze, Donald E. Kiernan and Stuart M. Robbins, serve on each of these standing committees. As a result, subjects relevant to one Committee's charter sometimes are discussed during meetings of another Committee.

Board Leadership Structure

Our Board of Directors' leadership structure consists of a Chairman who is also our Chief Executive Officer, a Lead Director, who is elected by the independent directors, and three Committee Chairs, each of whom are independent directors (and one of whom, the Chair of our Nominating & Corporate Governance Committee, is also our Lead Director). We discuss succession planning with respect to our Chairman, our Chief Executive Officer, and other business heads at least annually.

Our Board has combined the positions of Chairman and Chief Executive Officer since our initial public offering in 1999. Beginning in 2005, we have annually considered whether the position of Chairman and Chief Executive Officer should be separated. Our Board believes that we are well served by Mr. LaBranche's service as both Chairman of the Board and Chief Executive Officer and the strong independent leadership of our Lead Director and our independent Committee Chairs and directors provide the Board, for several reasons.

First, Mr. LaBranche personifies our Company in a unique way, in name, vision, leadership and knowledge gained during his more than 30 years of experience in the market-making industry.

Second, a combined Chairman and Chief Executive Officer position allows us to speak with one voice to our stockholders, regulators and external constituencies.

Third, we operate in the financial services industry, which is impacted heavily by market risk, credit risk, trading position risk, interest rate risk, investment risk, technology risk, liquidity risk, legal, compliance and regulatory risk and reputation risk. We believe that these risks are best managed on a daily basis by Mr. LaBranche in his dual role as Chairman and Chief Executive Officer, with oversight of the full Board, including Board Committees composed solely of outside, independent directors.

Fourth, we have empowered a strong Lead Director, Mr. Kiernan, who provides independent oversight over the Board of Directors and Mr. LaBranche in his combined role of Chairman and Chief Executive Officer, including with respect to the calling of meetings of the Board, executive sessions of the independent members of the Board, and setting the agenda for meetings of the Board and meetings of the independent members of the Board. Our Lead Director is also the Chair of our Nominating & Corporate Governance Committee, and in that position, manages the nominations process for the Board of Directors. We also have empowered other strong independent directors, one of whom, Ms. Dietze, chairs our Audit Committee, and the other of whom, Mr. Robbins, chairs our Compensation Committee. Each of our independent directors is authorized to call executive sessions of independent directors to discuss any subject, and each of our independent directors has done so. Our independent directors also frequently communicate with each other by telephone between meetings of the Board and committees of the Board.

Our Board believes that this leadership structure provides an effective balance between leadership of the Board and our Company by a strong Chairman/Chief Executive Officer and effective oversight of the Board and our Company by independent Directors.

Board Risk Oversight

Our Board believes that risk management is an integral part of its responsibilities and discusses risks related to our business and business strategy at nearly all of our Board, Audit Committee and Compensation Committee meetings, including with respect to our major risk exposures, their potential impact on our Company, and the steps we take to manage those risk exposures.

The financial services industry generally rewards trading personnel based on their profitability, and we likewise reward profitability. Recognizing this, we have developed risk management tools designed to prevent undue risk by our traders. We require our traders to use fair value measurement tools. Our chief risk officer reviews our traders' positions and risk exposures by security, geographic, volume- and volatility-weighted and industry risk. Our internal audit department and external auditors conduct trading desk and risk management audits to ensure our risk management tools, policies and practices are in line with industry practices. Our chief risk officer communicates perceived risk exposures and general risk guidelines to both senior management regularly, and our Audit Committee at least quarterly to ensure a top-down risk-management process, because we believe that company-wide guidelines and review encourage decision-making that is in the best long-term interests of our Company and our stockholders as a whole. Our Audit Committee also directs internal audit reviews related to financial reporting, compliance and IT and monitors these risks through senior management and internal audit reports. Our Compensation Committee involves itself in the risk management process through membership of directors who serve on both the Audit Committee and Compensation Committee by using risk management as part of its decision making process in determining bonuses for our named executive officers and other trading, financial reporting and other personnel. For additional discussion of the Board's and its Committees' risk oversight, please see Compensation Discussion & Analysis Risk Assessment, on page 39 of this proxy statement. The composition and responsibilities of these Committees and our Nominating and Corporate Governance Committee is described in more detail below.

Audit Committee

Our Audit Committee oversees our financial reporting process and reports the results of its activities to our Board of Directors. Our Audit Committee reviews, acts on and reports to our Board of Directors with respect to various auditing, accounting, financial reporting, internal control, taxation, risk management practices and regulatory compliance matters. The Audit Committee, among other functions:

has the sole authority to appoint, retain, terminate and determine the compensation of our independent auditor;

monitors the qualifications, independence, performance and compensation of our independent auditor and approves professional services provided by the independent auditor;