



**Keefe, Bruyette & Woods
Securities Brokerage & Market Structure Conference**

December 9, 2010

Forward-Looking Statements

This presentation, as well as any accompanying comments by JMP Group representatives, contains forward-looking statements that reflect JMP Group’s current views with respect to, among other things, the company’s operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. JMP Group believes that these factors include, but are not limited to, those described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the company’s Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on March 9, 2010, and in the similarly captioned sections of its other periodic reports filed under the Securities Exchange Act of 1934, as amended. JMP Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Mission Statement

To build a premium-quality, research-centric institutional investment bank and alternative asset manager focused on small- and mid-cap growth companies and their investors

Company Overview

- Founded in 1999 and publicly traded since 2007 (NYSE: JMP)
- Two operating businesses: institutional investment banking boutique and alternative asset manager
- Principal investment activities provide attractive standalone returns while enhancing operating businesses
- Headquartered in San Francisco, with additional offices in New York, Boston, Chicago and Atlanta
- 213 employees

Third Quarter Developments

- Purchased CLO management contract, adding \$290 million in AUM
- Renewed and adjusted advisory contract with New York Mortgage Trust
- Repurchased minority interest in JMP Credit with stock, CLO notes and cash
- Repurchased more than 150,000 common shares
- Trimmed staffing levels at JMP Securities, reducing JMP Group headcount 4% on a net basis
- Recorded record operating EPS of \$0.51 for the nine months ended September 30, up 59% year-over-year

Business Highlights

Producers' Platform	<ul style="list-style-type: none">▪ Entrepreneurial culture▪ Over 50% of employees are Managing Directors or Directors▪ Senior management and board own 29% of shares; total insider ownership of 43%
Scalable Broker-Dealer Platform	<ul style="list-style-type: none">▪ Middle-market investment bank with complete suite of equity-linked products and M&A capabilities▪ Revenues per transaction depressed due to capital markets environment▪ Full-service institutional research boutique with suboptimal average commissions per active client▪ Ramping up equity research coverage to drive top line results
Scalable Asset Manager	<ul style="list-style-type: none">▪ Alternative asset manager with multiple top-tier track records▪ Currently \$1.8 billion in assets under management, including sponsored funds▪ Launching additional private capital products, which now comprise 46% of total AUM
Strong Balance Sheet	<ul style="list-style-type: none">▪ Supports fee-based businesses but is not the driver of revenues▪ Fixed assets < 1% of total, with modest leverage of 18% debt to total capital
Cost Structure & Revenue Mix	<ul style="list-style-type: none">▪ Low fixed cost structure and well-diversified revenue mix enabled modest profitability during severe market downturn

Long-Term Revenue Growth Target of 15% to 20% per Year

JMP Securities

- **Product expansion**
 - **Phase I: Complete build-out of existing industry verticals under research coverage**
 - Increased number of publishing analysts from 16 at 1/09 to 24
 - Increased research universe from 203 stocks at 1/09 to 318
 - Opportunistically add “star athletes”
 - **Phase II: Broaden sales and trading distribution**
 - Added convertible sales and trading platform and expanded PIPE and private placement efforts
 - Opportunistically increase number of senior equity salespeople and sales traders
 - **Phase III: Add senior investment bankers with M&A focus to complement research coverage**
- **Assuming institutional equities commission volumes stabilize industry-wide, broker-dealer revenue growth should resume in 2011 and track a 50%+ increase of JMP’s research universe within three years**

Harvest Capital

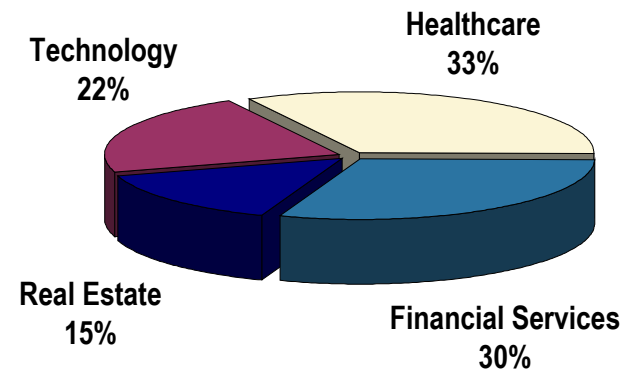
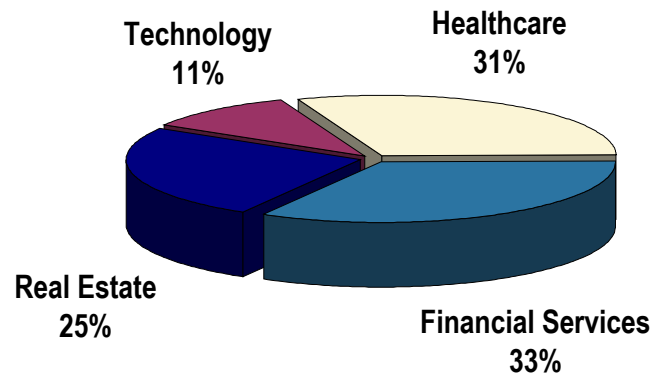
- **Developed diversified fund manager platform and infrastructure to support rapid AUM growth**
- **Added three senior marketing professionals during 2010 to focus on fundraising**
- **Strategic investment in Sanctuary Wealth Services**
- **Continuing to evaluate growth opportunities for JMP Credit Advisors**

Diversification in Transaction Volume

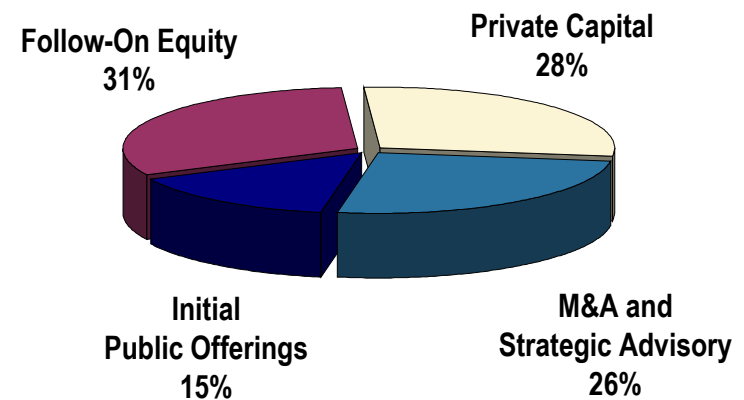
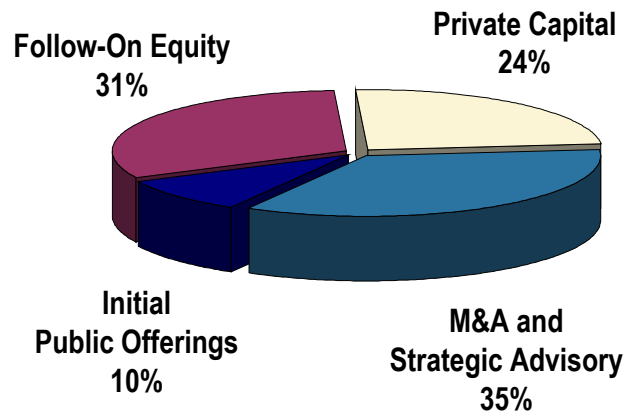
2009 Revenues

2010 YTD Revenues

By Industry



By Type of Transaction



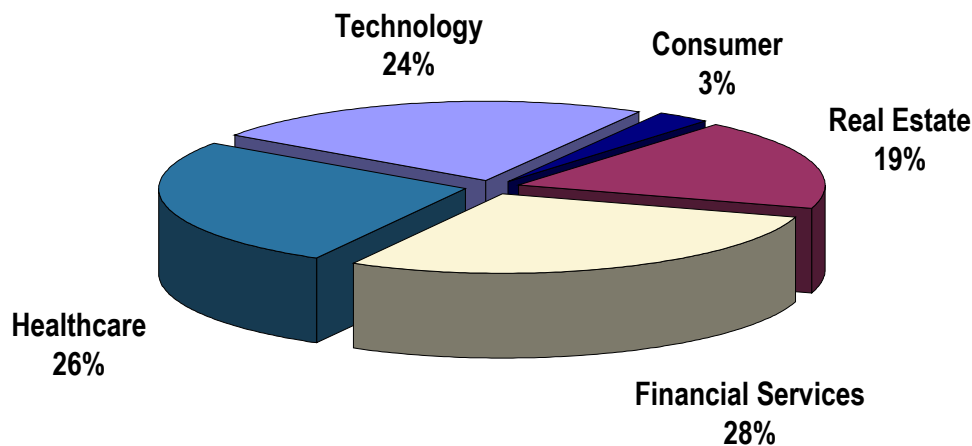
Independent Analysis and Informed Opinions

- Proprietary investment themes and action-oriented reports

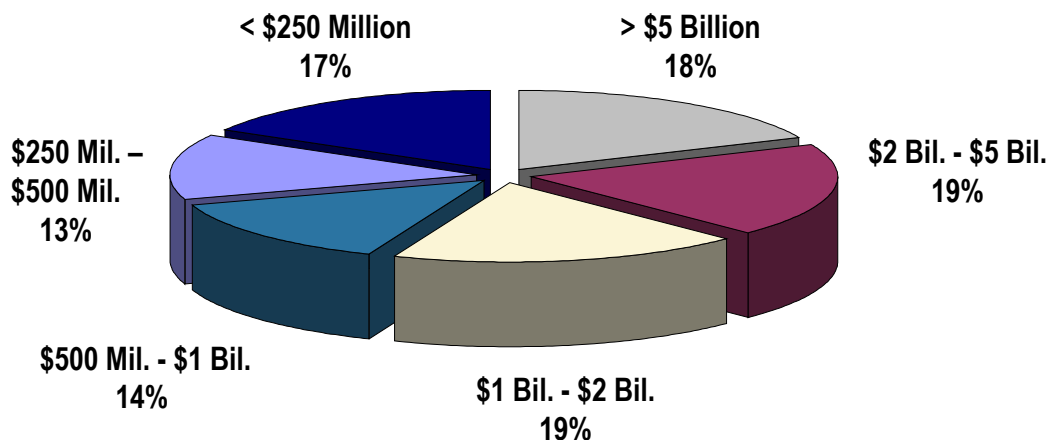
- Research universe with median market capitalization of \$1.3 billion
 - 318 stocks under coverage
 - 24 publishing research analysts

- Disproportionate coverage of large-cap U.S. equities by brokerage firms
 - Market cap > \$2 billion: Average of 16 analysts
 - Market cap < \$2 billion: Average of 5 analysts

JMP Research Coverage by Industry



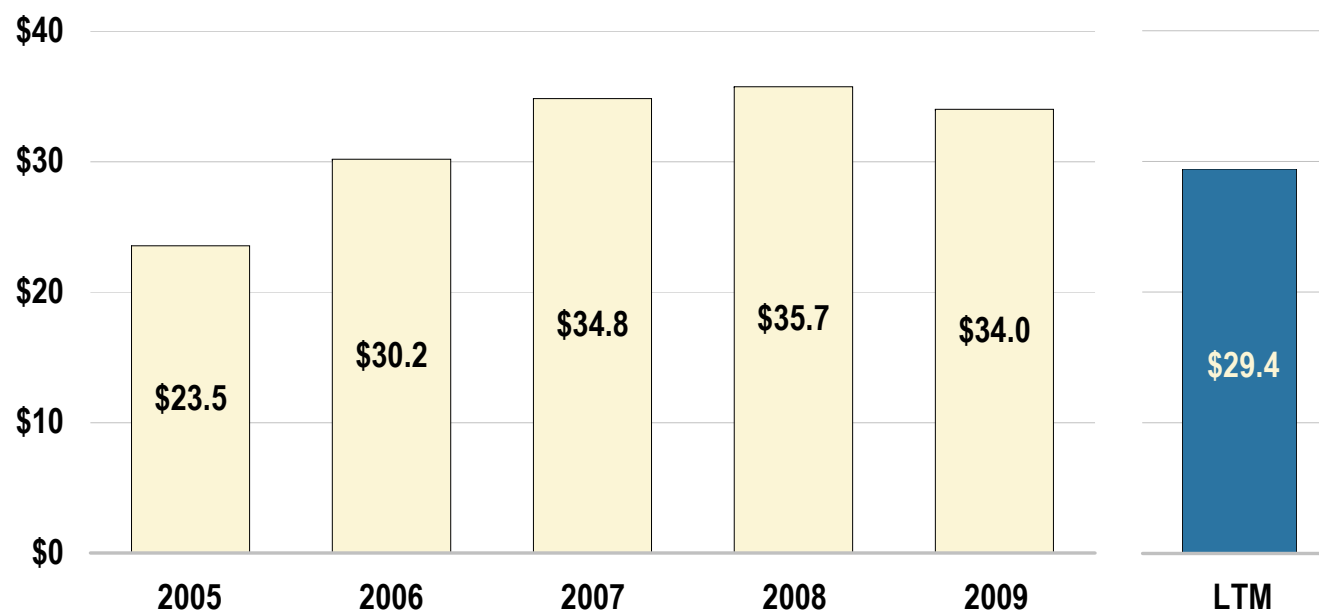
JMP Research Coverage by Market Cap.



Investment in Institutional Brokerage Platform

Historical Brokerage Revenues

Net Revenues
(\$ in millions)



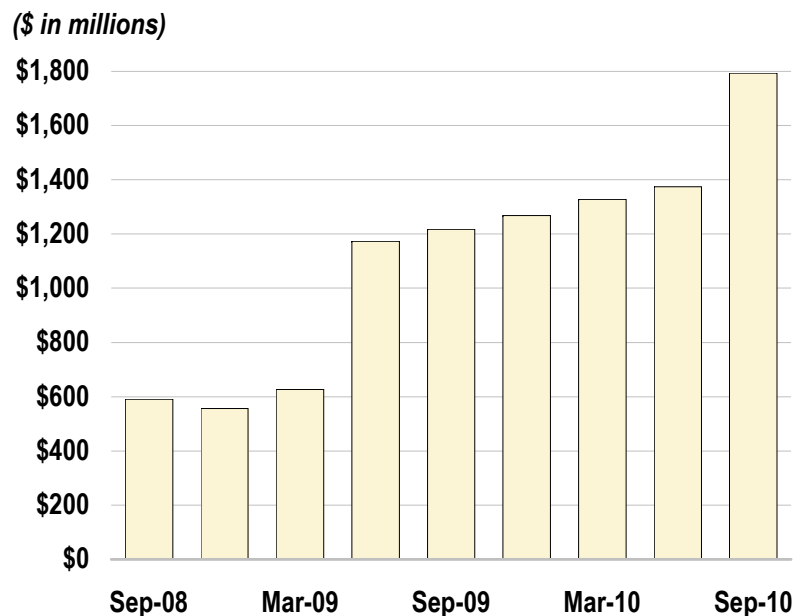
Employees (Period-End)	43	44	46	48	49	43
Revenues per Employee (Avg.)	\$0.547	\$0.694	\$0.764	\$0.763	\$0.691	\$0.629
Companies Under Coverage (Period-End)	294	279	214	201	286	310
Revenues per Company Covered (Avg.)	\$0.096	\$0.109	\$0.130	\$0.164	\$0.141	\$0.104

Alternative Investment Products

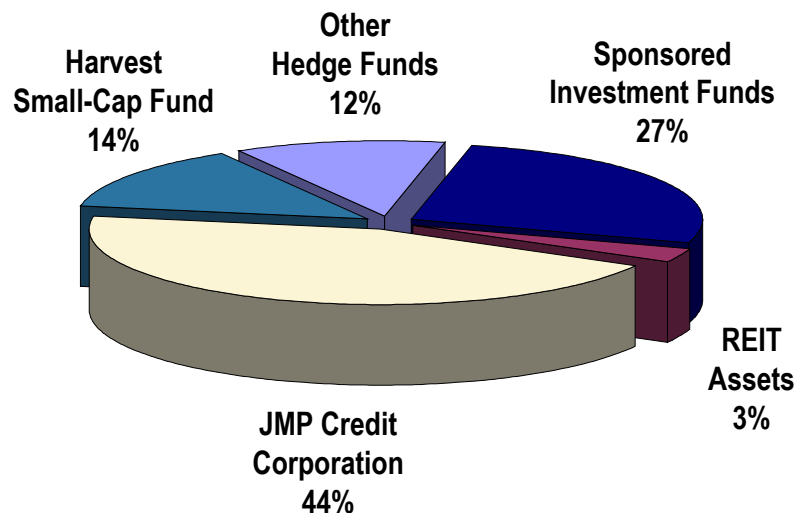
- Attractive economics of the alternative asset model provide management fees and profit participation
- Plan to develop additional distribution channels to substantially grow assets under management

Client Assets Under Management ⁽¹⁾

Historical Growth



Composition – 10/1/10 ⁽²⁾



(1) Includes Expo Health Sciences Fund and Headlands Asset Management, which have been sponsored by Harvest Capital Strategies.

(2) Reflects redemptions distributed upon conclusion of the September quarter.

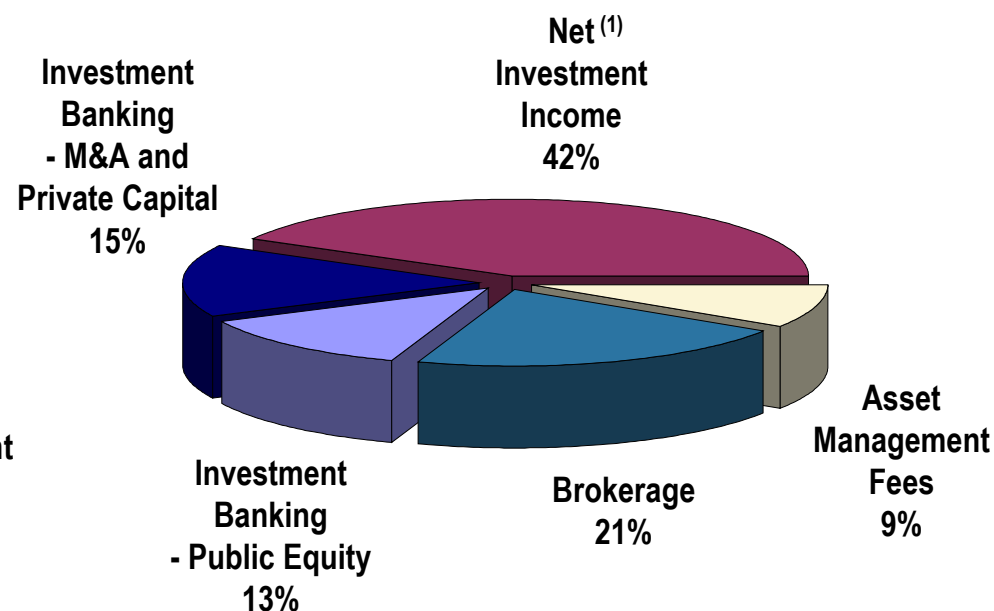
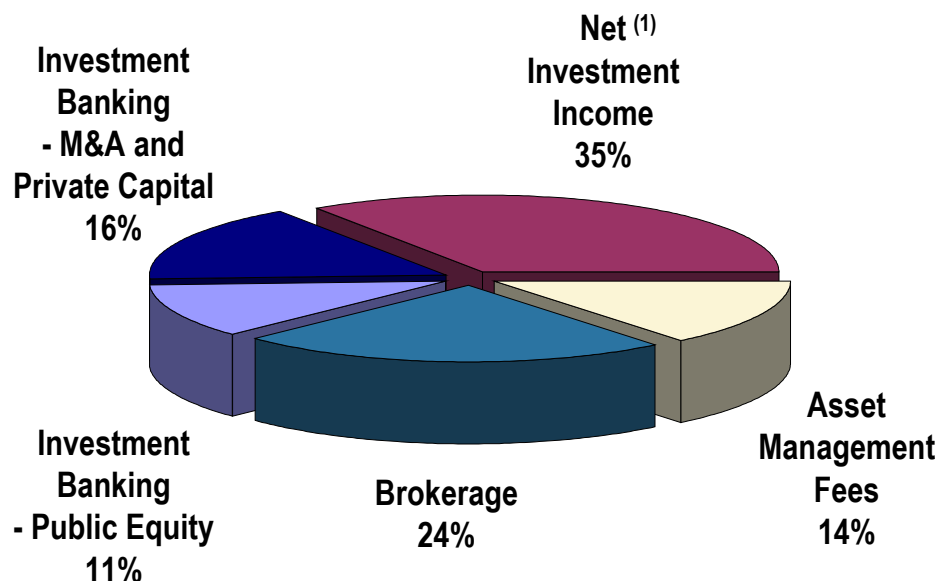
Revenue Diversification

Diverse Revenue Sources

Revenue Composition

2009

2010 YTD



(1) Excludes unrealized gains/losses on equity investments in publicly-traded New York Mortgage Trust (\$5.6 million in 2009 and -\$0.5 million in 2010 YTD) and Hercules Technology Growth Capital (\$0.9 million in 2009). Asset management fees related to JPM Credit Advisors of \$1.9 million in 2009 and \$2.1 million in 2010 YTD are included in net investment income for purposes of consolidation.

Financial Statements

Income Statement – Operating Net Income

(\$ in millions)	2007	2008	2009	3Q09	3Q10	YTD'09	YTD'10
Revenues							
Investment Banking Fees	\$49.3	\$27.2	\$39.9	\$10.4	\$12.3	\$25.1	\$28.4
Net Brokerage Revenues	34.8	35.7	34.0	7.9	5.9	25.8	21.3
Asset Management-Related Fees	5.9	12.5	22.7	3.5	3.6	16.9	10.4
Net Investment Income ⁽¹⁾	6.8	7.9	51.5 ⁽⁴⁾	18.6	11.6	33.7 ⁽⁴⁾	42.2
Loan Loss Provision	-	(2.9)	(5.8)	(1.4)	(0.5)	(5.4)	(1.0)
Total Net Revenues	96.8	80.5	142.4	39.0	32.9	96.2	101.3
Expenses							
Compensation and Benefits ⁽²⁾	56.5	54.7	95.4	28.1	18.6	67.0	62.4
General, Administrative and Other	22.1	24.2	21.8	5.7	6.6	16.2	16.8
Total Non-Interest Expenses	78.6	78.9	117.3	33.7	25.2	83.2	79.3
Oper. Inc. before NI and Taxes	18.2	1.6	25.1	5.2	7.7	13.1	22.0
Noncontrolling Interest	0.4	(0.5)	1.9	0.7	1.2	1.2	2.3
Pro Forma Income Tax Expense ⁽³⁾	7.5	0.9	9.8	1.9	2.7	5.0	8.3
Operating Net Income	\$10.3	\$1.2	\$13.5	\$2.6	\$3.7	\$6.9	\$11.4
Operating EPS	\$0.54	\$0.06	\$0.61	\$0.12	\$0.17	\$0.32	\$0.51

(1) Excludes unrealized mark-to-market gains or losses on equity investments in New York Mortgage Trust, Inc. and Hercules Technology Growth Capital, Inc. and reverses net amortization of liquidity discounts at JMP Credit Corporation due to scheduled contractual principal repayments.

(2) Excludes compensation expense related to restricted stock units granted both at the time of the company's IPO and thereafter.

(3) Assumes an effective tax rate of 42%.

(4) Excludes bargain purchase gain of \$1.2 million related to acquisition of Cratos Capital Partners.

Financial Statements

Balance Sheet

<i>(\$ in millions)</i>	9/30/10
Assets	
Cash and Cash Equivalents	\$57.6
Restricted Cash and Deposits and Receivable from Clearing Broker	47.8 ⁽¹⁾
Marketable Securities Owned, at Fair Value	15.0
Other Investments	
Interests in JPM-Managed Hedge Funds	24.6
Convertible Preferred Equity in NYMT	15.0
Other Equity Investments	13.7
Total Other Investments	53.3
Loans Held for Investment, Net	1.5
Loans Collateralizing ABS Issued, Net	373.2
Deferred Tax Asset	37.7
Other Assets	17.2
Total Assets	\$603.3
Liabilities and Stockholders' Equity	
Note Payable	\$26.6
ABS Issued, Net	344.2
Deferred Tax Liability	39.5
Accrued Compensation	21.8
Other Liabilities	38.6
Total Liabilities	470.8
Total Equity	132.5 ⁽²⁾
Total Liabilities and Equity	\$603.3

- Liquid balance sheet
 - Net liquid assets of \$59.0 million, or \$2.71 per share ⁽³⁾
 - Fixed assets < 1% of total assets
- Debt-to-capital ratio of 17.9% ⁽⁴⁾
 - \$26.6 million of recourse debt
- Tangible book value of \$5.62 per share
- Active capital management
 - Quarterly dividend
 - Share repurchase program
 - 4.5 million shares bought back of 5.0 million shares authorized
 - Principal investment activities

⁽¹⁾ Includes \$34.8 million of cash collateralizing ABS issued and \$9.7 million of proceeds from short sales.

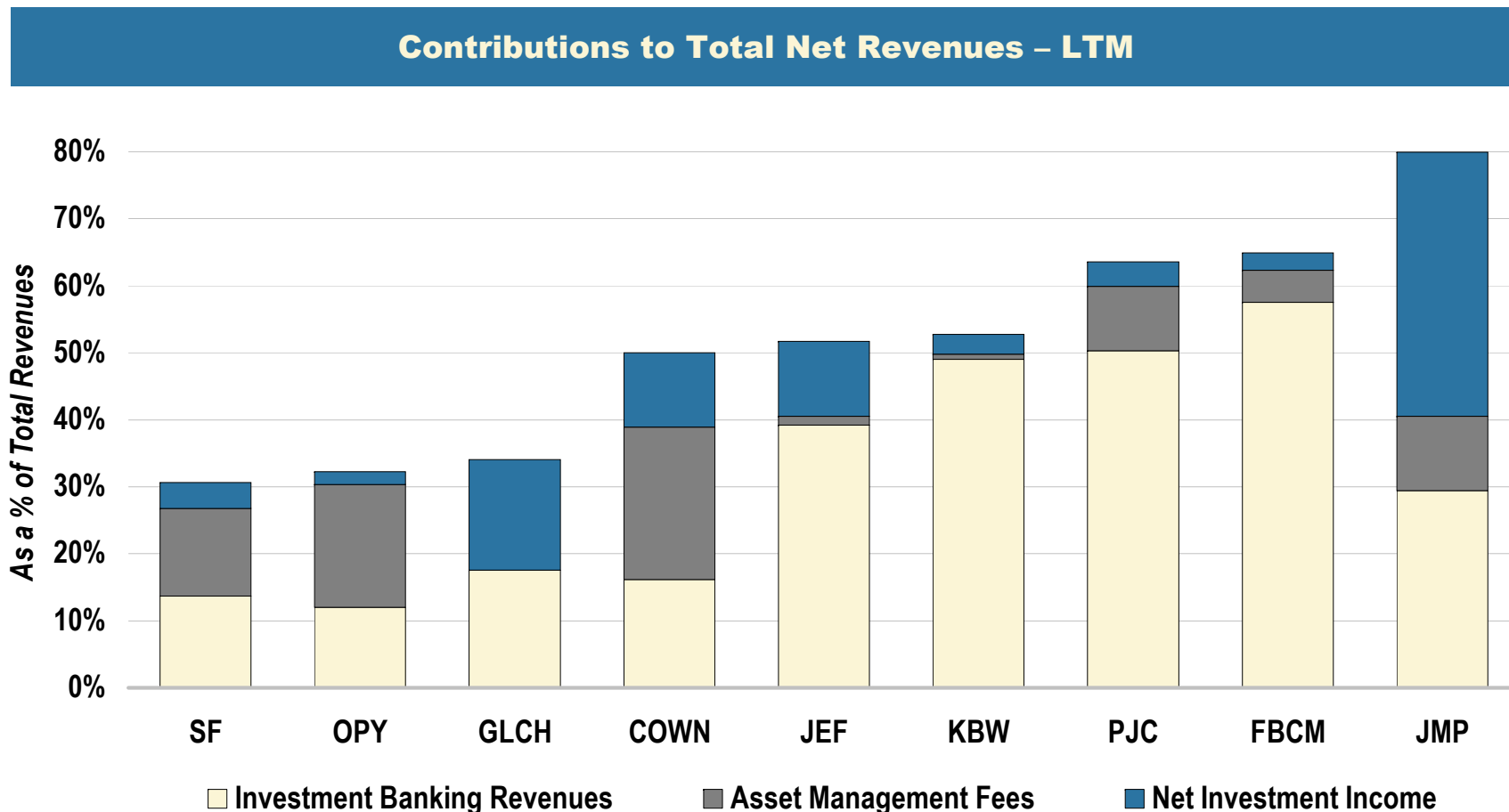
⁽²⁾ Includes \$10.4 million of noncontrolling interest.

⁽³⁾ Sum of unrestricted cash, marketable securities and GP interests in hedge funds less notes payable, accrued compensation and noncontrolling interest.

⁽⁴⁾ Excludes \$344.2 million of asset-backed securities, issued by a bankruptcy-remote entity, that are non-recourse to JMP Group.

Analysis of Comparable Peers – Revenue Diversification

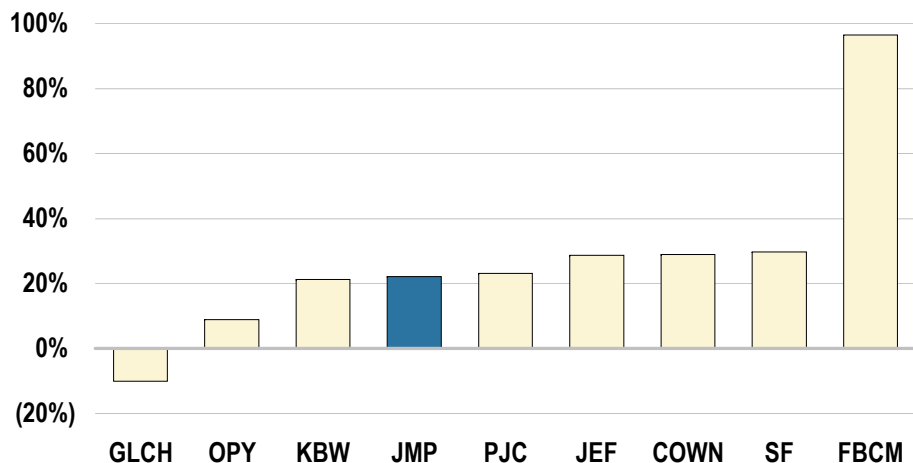
- In contrast to some of its publicly traded peers, JMP is primarily engaged in higher-margin businesses and derives just 20% of its revenues from lower-margin sales and trading activities



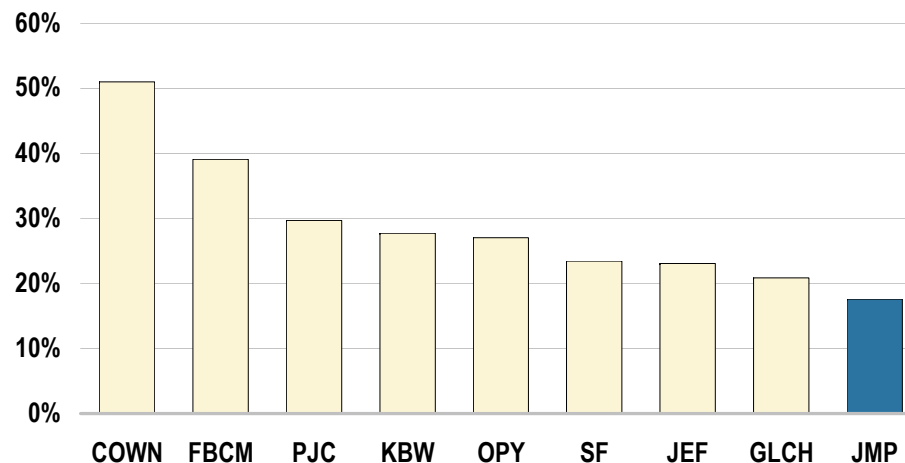
Source: Company press releases and SEC filings. COWN data reflects pro forma economic income.

Analysis of Comparable Peers – Middle-Market Broker-Dealers

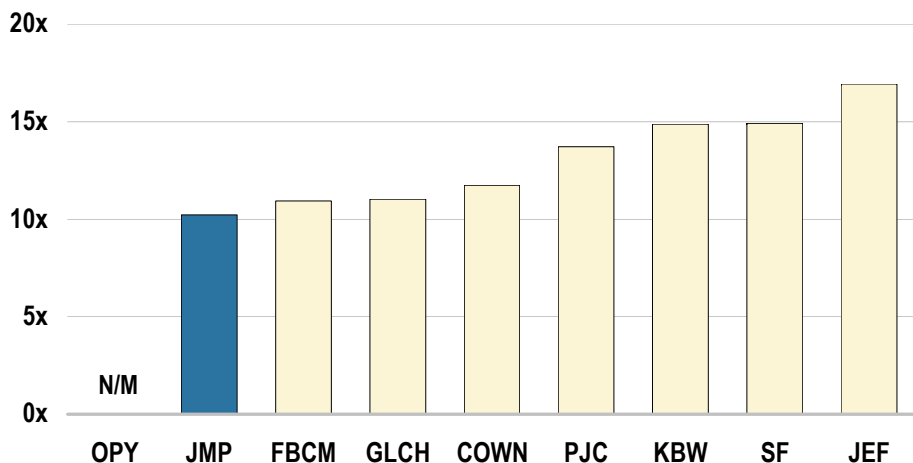
Revenue Change – LTM / Prior 12 Mos.



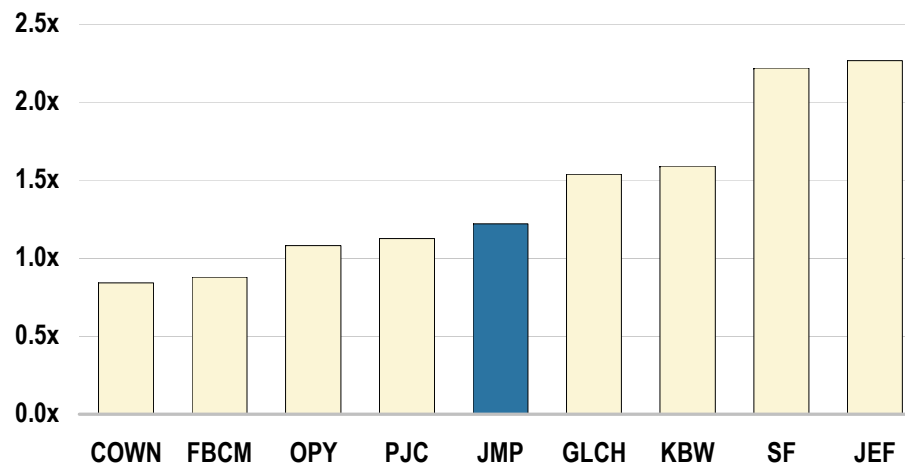
Non-Comp. Expense Ratio – LTM



Price / Operating Earnings – 2011E



Price / Tangible Book Value

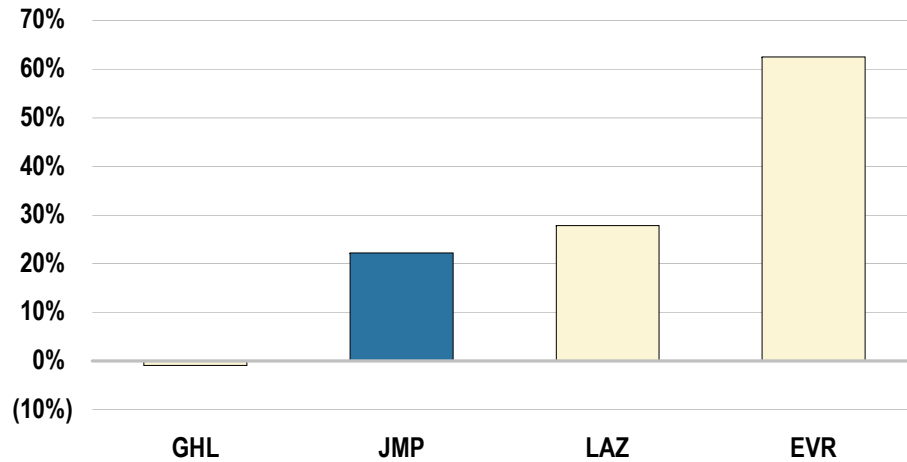


Source: Company press releases and SEC filings. Tangible book value estimated for SF.

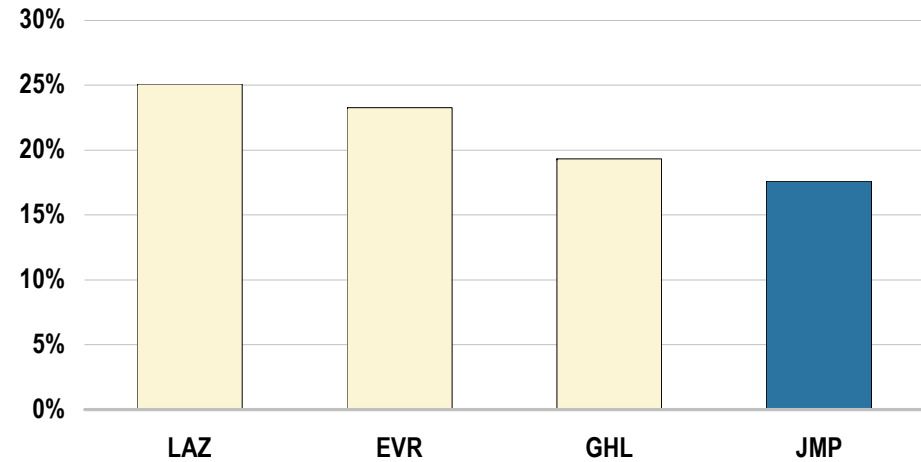
Key Metrics

Analysis of Comparable Peers – Advisory Boutiques

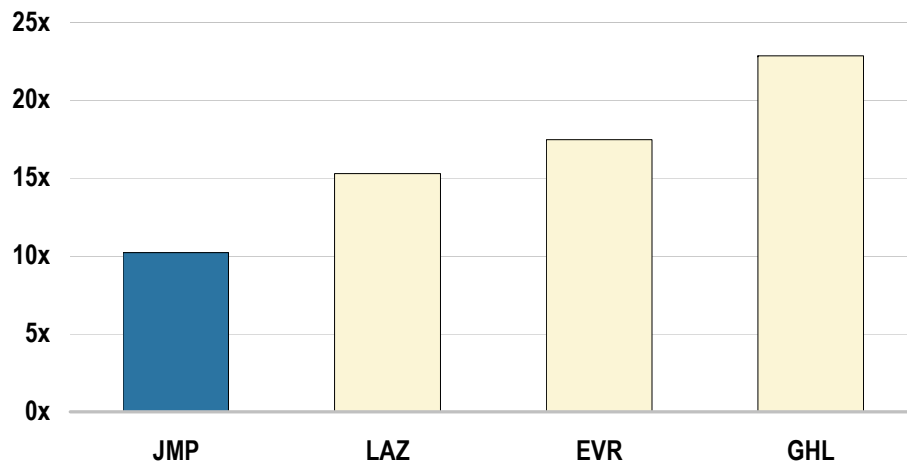
Revenue Change – LTM / Prior 12 Mos.



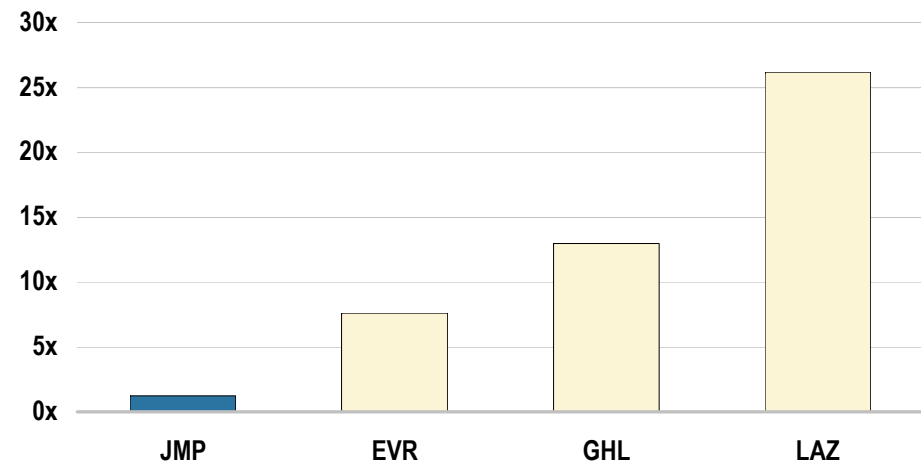
Non-Comp. Expense Ratio – LTM



Price / Operating Earnings – 2011E



Price / Tangible Book Value



Source: Company press releases and SEC filings.

Investment Highlights

- Diversified business model with above-average organic growth prospects
- Cheap stock on an absolute and relative basis
 - 2011E P/E of 10.2x vs. 13.4x for broker-dealer peers and 18.6x for advisory peers
 - P/TBV of 1.22x vs. 1.44x for broker-dealer peers
- Well above-average track record
 - Record 2009 EPS; tougher environment in 2010, but YTD '10 up 59% from YTD '09
- Revenue mix better correlates with higher-valuation peers
 - Agency commissions and principal trading make up 20% of net revenues vs. an average of 50% at publicly traded peers
- Potential catalysts
 - Expect minimal loan sale profits in 2011, but objective is to maintain reasonable level of core operating EPS even if environment does not improve
 - Goal of 10%+ after-tax operating return on adjusted tangible book value (\$4.68 per share at 9/30/10) if environment remains stable
 - Targeted organic growth of 15% to 20% per year is toward the high end of peer range and should support P/E ratio of 15x to 20x



Appendix

Client Assets Under Management

Net Asset Values and Returns				
(\$ in millions)	12/31/09 Client AUM	2009 Net Return	9/30/10 Client AUM	YTD '10 Net Return
Hedge Funds				
Harvest Small-Cap Partners	\$327.3	14.6%	\$310.3	(7.4%)
Harvest Opportunity Partners II	63.5	31.7%	71.0	5.7%
Harvest Technology Partners	14.9	25.5%	29.1	(2.4%)
Harvest Diversified Partners (1)	N/A	N/A	17.2	1.1%
Harvest Consumer Partners	6.5	23.3%	8.4	(2.4%)
Harvest Global Select Partners (1)	4.5	6.8%	N/A	10.1%
	\$416.7		\$436.0	
Fund of Funds				
JMP Masters Fund	\$95.0	12.6%	\$72.5	1.6%
Private Capital				
Harvest Growth Capital (2)	N/A	N/A	\$4.1	N/A
REIT Assets				
New York Mortgage Trust, Inc. (3)	\$48.4	99.5%	\$48.4	(1.4%)
Harvest Mortgage Opportunities Partners (4)	3.5	24.6%	3.4	5.0%
Collateralized Loan Obligations				
JMP Credit Corporation (5)	\$495.1	436.8%	\$766.2	78.3%
Total Client AUM	\$1,058.7		\$1,330.6	
Sponsored Funds				
Expo Health Sciences Fund	\$178.0	26.2%	\$416.5	5.1%
Headlands Asset Management (6)	31.8	14.7%	41.8	44.5%
Adjusted Total Client AUM	\$1,268.5		\$1,788.9	

(1) HDP launched 1/1/10. HGSP launched 5/1/09; fund liquidated 5/28/10.

(2) HGC launched 4/1/10; total capital commitments of \$25.0 million. Investments held at cost until a liquidity event occurs.

(3) Portion of New York Mortgage Trust net assets subject to management fees payable to HCS. Net return represents stock price appreciation and dividends on common and convertible preferred shares.

(4) Fund has been returning capital and expects to fully distribute to investors during 2010.

(5) AUM represents loans at cost and cash in CLO. For 2009, net return on JMP's investment of \$4.0 million. For 2010, net return on cost basis as of 12/31/09.

(6) Fund I launched 3/31/09; Fund II launched 11/13/09. Portion of Headlands' net assets for which JMP is apportioned management fees for providing fundraising services.

Principal Investment Activity

- Objective of providing risk-adjusted unlevered returns of greater than 15% while investing in businesses that enhance JMP Group's asset management and investment banking activities

Principal Investments – 9/30/10 ⁽¹⁾

(\$ in millions)

	Description	Investment	
		Amount	Type
JMP Credit Corporation	Collateralized loan obligation	\$41.2	Private equity
New York Mortgage Trust	Agency MBS REIT	11.9	Convertible preferred
		3.7	Common equity PIPE
WI Harper Group	China-focused venture capital fund	2.9	Private equity
HuaMei Capital Company	Joint venture with China Merchants Securities Co.	2.0	Private equity
Sanctuary Wealth Services	Service provider to independent wealth managers	1.5	Private equity
Strategic Storage Holdings	Specialty asset manager of self-storage properties	1.0	Senior debt + revenue share
MedeAnalytics	Provider of healthcare IT services	0.6	Private equity
New Bridger Commercial Funding	Commercial real estate loan trading platform	0.5	Private equity
JMP Credit Advisors	Middle-market credit manager	3.3	Private equity
Headlands Capital Management	Investor in distressed residential mortgages	0.2	Private equity
Expo Capital Management	Hedge fund manager	N/A	Revenue share

⁽¹⁾ Investments shown at carrying value rather than cost. Excludes JMP Group investments in funds managed by Harvest Capital Strategies, a portfolio of equity securities held at JMP Securities, warrants in certain investment banking client companies and minority interests.