

## **INSTITUTIONAL FINANCIAL MARKETS, INC. ANNOUNCES SALE OF STRATEGOS DEEP VALUE FUNDS ASSET MANAGEMENT RIGHTS AND OTHER ASSET MANAGEMENT RIGHTS TO PORTFOLIO MANAGEMENT TEAM**

**Philadelphia and New York, March 29, 2011** – Institutional Financial Markets, Inc. (NYSE AMEX: IFMI) (“IFMI”), a leading financial services company specializing in credit-related fixed income investments, today announced the sale, through a subsidiary, of its investment advisory agreements relating to advisory services to a series of closed-end, distressed debt funds, known as the “Strategos Deep Value Funds,” and certain separately managed accounts to a new entity owned by Frederick Horton and Alex Cigolle, which will be renamed “Strategos Capital Management, LLC” shortly after closing (the “Buyer”). Messrs. Horton and Cigolle have served as IFMI’s portfolio managers for the Strategos Deep Value Funds and these managed accounts since inception of the respective funds and managed accounts. Buyer will also receive certain services, intellectual property, books and records, software, data and rights to the “Strategos” name. As of February 28, 2011, the assets under management with respect to these investment advisory agreements were approximately \$400 million. The Strategos portfolio management team will join the new entity that will continue to be based in Philadelphia.

IFMI will retain its ownership interests in the general partners of the Strategos Deep Value Funds and its rights to incentive fees from the Strategos Deep Value Funds.

Pursuant to the terms of the purchase agreement, Buyer will pay a purchase price equal to 10% of all revenue, net of certain expenses, earned by Buyer between the closing date and December 31, 2014 and will assume substantially all of the expenses of managing the Deep Value Funds and the separately managed accounts. In addition, in the first quarter of 2015, IFMI will have a one-time option to purchase a right to receive 10% of all revenue earned and collected thereafter by Buyer for a purchase price in an amount equal to 20% of revenue earned and collected by Buyer for the period commencing on January 1, 2014, and ending on December 31, 2014.

In the event that IFMI exercises its option, Buyer has the option at December 31, 2015, and each subsequent calendar quarter thereafter to re-purchase the 10% share for a purchase price in an amount equal to 30% of revenue earned and collected by Buyer for the four most recently completed quarters. In connection with the transaction, IFMI has entered into an agreement to employ Buyer to render advice and assistance to IFMI with respect to certain collateralized debt obligations transactions.

Daniel G. Cohen, Chairman and Chief Executive Officer of IFMI, stated, “This is a win-win transaction, which allows the Strategos portfolio management team to manage its own company and asset management platform, and gives IFMI the opportunity to increase operating income while being able to participate in the long-term growth of the platform through our revenue-sharing arrangement.”

Frederick Horton and Alex Cigolle, added, “We are excited to be going forward as a fully independent firm with support and cooperation from IFMI. We believe this transaction places our company on a sound financial and operational footing going forward.”

### **About Institutional Financial Markets, Inc.**

IFMI is a leading financial services company specializing in credit-related fixed income investments. IFMI was founded in 1999 as an investment firm focused on small-cap banking institutions, but has grown over the past ten years to provide an expanding range of asset management, capital markets and investment banking solutions to institutional investors and corporations. IFMI’s primary operating segments are Capital Markets and Asset

Management. The Capital Markets segment consists of credit-related fixed income sales and trading as well as new issue placements in corporate and securitized products. The Asset Management segment manages assets through listed and private companies, funds, managed accounts and collateralized debt obligations.

### **About the Buyer**

The Buyer (which will be renamed Strategos Capital Management, LLC shortly after closing) is a fixed income investment manager with expertise in the structured credit sector. Focus sectors are US non-Agency residential mortgage backed securities (RMBS), as well as U.S. agency RMBS, commercial mortgage backed securities (CMBS), and other asset backed securities (ABS). The eight person team, led by industry veterans Frederick Horton and Alex Cigolle has the capacity to source and analyze potential investments through intensive bottom-up analysis to identify attractive opportunities, often from seasoned, off-the-run, and odd-lot secondary offerings. The first Strategos Deep Value MBS fund was launched April 1, 2008 with subsequent funds launched in late November 2008 and February 2009. Buyer now manages approximately \$400 million in funds and separate accounts for public and private pensions, family offices, and individuals.

### **Forward-Looking Statements**

This release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “anticipate,” “predict,” “project,” “forecast,” “potential,” “continue” negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

While we cannot predict all of the risks and uncertainties, they include, but are not limited to, those risks and uncertainties described in “Item 1A - Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2010. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. All subsequent written and oral forward-looking statements concerning other matters addressed in this release and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this release. Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

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