

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

The financial information presented in this Annual Report should be read in conjunction with our complete Consolidated Financial Statements (including the notes) contained in our Form 10-K for the year ended December 31, 2007. Our Form 10-K for the year ended December 31, 2007 was filed with the SEC on February 29, 2008 and is also available on our website at [www.jefferies.com](http://www.jefferies.com).

(In Thousands, Except Per Share Amounts)	Year ended December 31,		
	2007	2006	2005
<b>Revenues:</b>			
Commissions	\$ 355,601	\$ 280,681	\$ 246,943
Principal transactions	390,374	468,002	349,489
Investment banking	750,192	540,596	495,014
Asset management fees and investment income from managed funds	23,534	109,550	82,052
Interest	1,174,883	528,882	304,053
Other	24,311	35,497	20,322
Total revenues	2,718,895	1,963,208	1,497,873
Interest expense	1,150,805	505,606	293,173
Revenues, net of interest expense	1,568,090	1,457,602	1,204,700
<b>Non-interest expenses:</b>			
Compensation and benefits	946,309	791,255	669,957
Floor brokerage and clearing fees	71,851	62,564	46,644
Technology and communications	103,763	80,840	67,666
Occupancy and equipment rental	76,765	59,792	47,040
Business development	56,594	48,634	42,512
Other	67,074	65,863	62,474
Total non-interest expenses	1,322,356	1,108,948	936,293
Earnings before income taxes, minority interest and cumulative effect of change in accounting principle	245,734	348,654	268,407
Income taxes	93,178	137,541	104,089
Earnings before minority interest and cumulative effect of change in accounting principle	152,556	211,113	164,318
Minority interest in earnings of consolidated subsidiaries, net	7,891	6,969	6,875
Earnings before cumulative effect of change in accounting principle, net	\$ 144,665	\$ 204,144	\$ 157,443
Cumulative effect of change in accounting principle, net	—	1,606	—
Net earnings	\$ 144,665	\$ 205,750	\$ 157,443
<b>Earnings per share:</b>			
Basic:			
Earnings before cumulative effect of change in accounting principle, net	\$ 1.02	\$ 1.53	\$ 1.27
Cumulative effect of change in accounting principle, net	—	0.01	—
Net earnings	\$ 1.02	\$ 1.54	\$ 1.27
Diluted:			
Earnings before cumulative effect of change in accounting principle, net	\$ .97	\$ 1.41	\$ 1.16
Cumulative effect of change in accounting principle, net	—	0.01	—
Net earnings	\$ .97	\$ 1.42	\$ 1.16
<b>Weighted average shares of Common Stock:</b>			
Basic	141,515	133,898	123,646
Diluted	153,807	147,531	135,569