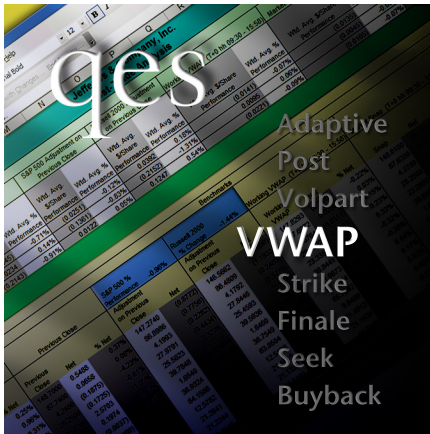


Quantitative Execution Strategies

VWAP Strategy

Automatically manage all-day or intraday VWAP trading



Jefferies Quantitative Execution Strategies (QES) are algorithmic trading strategies provided through Jefferies & Company, Inc.

The **volume weighted average price, or VWAP**, is a popular benchmark derived by dividing the dollar volume of a stock by its corresponding share volume over a designated trading period, either all-day or for an intraday interval. A VWAP trading strategy may participate proportionally through the day to minimize transaction costs and to reduce the market impact of large block or illiquid trades.

Jefferies QES VWAP

Our VWAP Strategy is designed to automatically manage transactions through a proprietary algorithm to accurately achieve the all-day or intraday VWAP.

The Strategy's Key Features

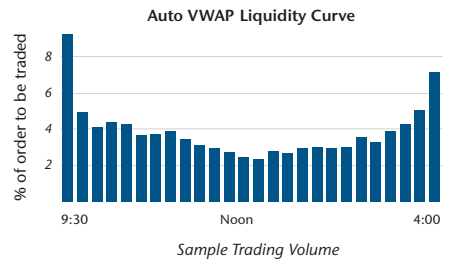
Execution methodology – The VWAP strategy generates a prediction of each stock's volume distribution over a specified period, based on an analysis of the volume patterns over the past 20 trading days. The strategy then breaks up the order for execution to participate proportionally in each chosen period's anticipated volume. Trading participation is greater during the more liquid periods, such as the beginning and end of the day, and lighter during less liquid periods. As the order progresses, the strategy adapts to the drift between its volume predictions and the market's actual behavior.

Best execution strategies – Our VWAP strategy also uses a proprietary algorithm to balance the benefits of passive trading against the need to maintain the participation schedule. The algorithm places limit orders in the market to attempt to earn the spread and to uncover hidden liquidity. Its objective is to trade with minimal impact throughout the interval.

Volume participation limits – To further reduce the market impact of working large orders, customers can specify their own volume participation limits for orders that are very large relative to the expected day's

volume for the stock. For example, a 30% constraint would prevent the algorithm from trading more than 30% of that day's trading volume.

WoW (Would or Work) – Combines the power of algorithmic trading with the flexibility of block crossing. WoW provides the ability to complete the order ahead of schedule if the stock becomes available at a desirable price point specified by the trader. WoW maintains a presence in ATS destinations and simultaneously scans the depth of book in order to uncover opportunities for preferential execution.



The Jefferies VWAP Advantage

Convenience and customization – Clients can easily connect to the VWAP server via FIX from a range of proprietary and third-party order-management systems. FIX tags provide fine-grained control over the algorithm, allowing clients to specify:

- start and end times
- price limit
- volume limit
- WoW price

Guaranteed vs. agency VWAP – Jefferies offers both agency and guaranteed VWAP execution services at competitive rates.

For more information on the QES VWAP autoserver and other QES servers, please contact our Portfolio Trading Desk at:

888.315.5333

portfoliotrading@Jefferies.com

Strategies from Jefferies QES

The QES Trading Advantage

Jefferies leverages sophisticated portfolio management systems and analysis with Quantitative Execution Strategies (QES) to deliver consistent execution services to our institutional clients. Our services include VWAP trading, market-on-close/market-on-open guarantees, implementation short-fall trading, pairs trading, and a range of custom trading solutions.

Autotrading is complex, carries a high degree of risk, and is intended for sophisticated investors; not suitable for everyone.

Submitting an Order

Submitting an order to one of our auto-trading servers is simple, whether through manual submission or FIX. Just specify basic information (symbol, side, and size), order type, strategy, participation level (passive, active, or aggressive), time horizon, and/or volume and price tolerance levels.

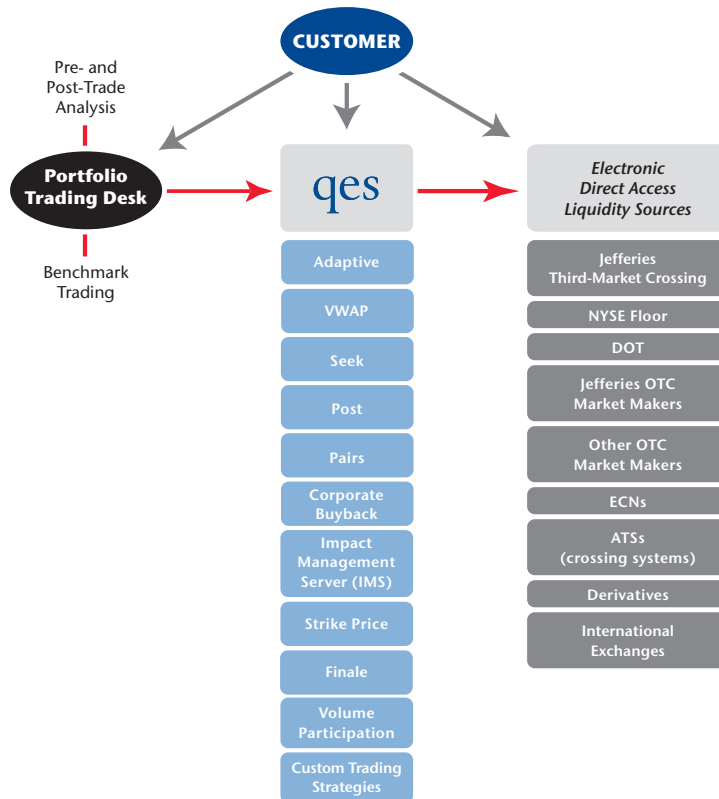
Jefferies QES strategies are accessible via FIX from both proprietary and third-party order management systems.

Three Ways to Trade with Jefferies

- through Jefferies Portfolio Trading Desk, which can provide pre- and post-trade analysis as well as guidance for benchmark trading and access to Quantitative Execution Strategies
- by direct access to Jefferies Quantitative Execution Strategies servers
- by direct access to electronic liquidity sources

The Portfolio Trading Desk is part of Jefferies & Company, Inc.

Jefferies' Customer-Driven Trading Process



NYSE: JEF

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