



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 354; 356; 358; 368; 1001; 1221.

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 8/14/2019

Print your name ▶ STEVEN KAPLAN Title ▶ CHIEF TAX OFFICER

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

HOMEFED CORPORATION  
33-0304982  
ATTACHMENT TO FORM 8937

Part II – Question 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

HomeFed Corporation ("HomeFed"), a Delaware corporation, was a party to a merger which concluded on July 1, 2019 (the "Merger").

Prior to the Merger, Jefferies Financial Group Inc. ("Jefferies"), a New York corporation, formed Heat Merger Sub, LLC ("Merger Sub"), a Delaware limited liability company, as a wholly-owned subsidiary of Jefferies. Pursuant to the plan of Merger, originally entered into on April 12, 2019, as subsequently amended, HomeFed merged with and into Merger Sub, with Merger Sub as the surviving entity. Subsequent to the Merger, Merger Sub changed its name to HomeFed LLC.

Upon completion of the Merger, each share of HomeFed common stock, par value \$0.01 per share issued and outstanding immediately prior to the effective time of the Merger (other than shares of HomeFed common stock owned by HomeFed, Jefferies or any of its subsidiaries (including Merger Sub) or dissenting stockholders) was converted into the right to receive a number of validly issued, fully paid and non-assessable shares of Jefferies common stock equal to the exchange ratio of 2.0 (the "Common Exchange Ratio"). In the case of any holder entitled to receive a fraction of a share of Jefferies common stock as a result of the Merger, the exchange agent made a cash payment to such holder in lieu of the fractional share.

Part II – Question 15 - Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The aggregate tax basis of the shares of Jefferies common stock received by a holder is the same as a holder's aggregate tax basis in the shares of HomeFed common stock that were surrendered in exchange for the right to receive shares of Jefferies common stock at the Common Exchange Ratio decreased by the basis allocated to fractional shares, if any, for which a holder received cash in lieu thereof. On a per tax lot basis, the per share tax basis of the share of Jefferies common stock is determined by dividing the aggregate tax basis of the common stock for each tax lot by the number of shares of Jefferies common stock received in exchange therefor.

Part II – Question 16 - Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

The per share merger consideration under the Merger at the Common Exchange Ratio was 2.0 shares of Jefferies common stock for each exchanged share of HomeFed common stock. The per share tax basis of the shares of Jefferies common stock received or deemed to be received by a holder in exchange for each share of HomeFed common stock is equal to the product of the holder's basis in each share of HomeFed common stock, and .5 ("Jefferies Per Share Tax Basis"). The tax basis of any fractional share of

Jefferies stock deemed to be received by a holder is equal to the product of the fraction of one share as it bears to a whole share of Jefferies common stock, and the Jefferies Per Share Tax Basis.

For example if a holder owned 75.25 shares of HomeFed common stock with a per share basis of \$12, the holder's basis in each share of Jefferies common stock received would be \$6.

Merger

Number of shares of HomeFed stock:	75.25 shares
Common Exchange Ratio:	2.0 Jefferies shares/HomeFed shares
Number of shares of Jefferies stock (75.25 shares X 2.0):	150.50 shares (150 whole + .50 fractional)
Per share basis in HomeFed stock:	\$12/share
Conversion factor (1/ Common Exchange Ratio):	.5
Jefferies Per Share Tax Basis (\$12 X .5):	\$6/share
Basis in fractional (0.50) share deemed received: (0.50 deemed share X Jefferies Per Share Tax Basis)	\$3.00

Part II – Question 18 - Can any resulting loss be recognized?:

Generally, no gain or loss should be recognized as the result of this organizational action with the exception of any gain or loss recognized with respect to any cash payment received in lieu of any fraction of a full share of Jefferies common stock to which a holder was entitled under the Common Exchange Ratio.

The holders who received cash in lieu of a fractional share of Jefferies common stock will be deemed as having received such fractional common share pursuant to the Merger and then as having sold that fractional share for the cash received. The amount of any gain or loss recognized as a result of the deemed sale of such fractional share will be equal to the difference between the holder's basis in the fractional share and the cash received in lieu thereof. Such gain or loss generally will constitute capital gain or loss and will be long-term capital gain or loss if the holder's holding period for such share of HomeFed common stock exchanged by such holder is greater than one year. The deductibility of capital losses is subject to limitations.

Part II – Question 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The Merger occurred on July 1, 2019, therefore any gain or loss recognized with respect to any cash payment received in lieu of any fraction of a full share of Jefferies common stock to which a holder was entitled under the Common Exchange Ratio should be recognized in the holder's tax year which includes that date.

For any additional information please also refer to the Jefferies and HomeFed Joint Proxy Statement/Prospectus dated May 20, 2019.

This Report of Organizational Actions Affecting Basis of Securities ("Report") is based upon the Internal Revenue Code of 1986 (the "Code"), as amended, the Treasury Regulations promulgated thereunder (the "Regulations"), other published administrative guidance and court and administrative rulings and decisions, all in effect as of the date this Report was first posted for the purpose of public reporting.

This Report addresses U.S. holders who held their shares as "capital assets" as the term is used in the Code and the Regulations, for U.S. federal income tax purposes. The tax consequences of the Transactions will depend on a holder's specific situation. Each holder should consult with their own tax advisor as to the tax consequences of the Transactions in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or other tax laws and of changes in those laws.

The information in this Report or any attachment thereto does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.