

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): November 29, 2019

JEFFERIES FINANCIAL GROUP INC.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	001-05721 (Commission File Number)	13-2615557 (I.R.S. Employer Identification No.)
520 Madison Avenue (Address of Principal Executive Offices)	New York, New York	10022 (Zip Code)
	(212) 460-1900 Registrant's telephone number, including area code	
	(Former name or former address, if changed since last report)	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock; Par Value \$1.00 Per Share	JEF	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets

As previously announced, on November 17, 2019, Jefferies Financial Group Inc. ("we" or "Jefferies") entered into a Membership Interest Purchase Agreement (the "Agreement") with NBM US Holdings, Inc., a Delaware corporation ("Buyer") and a wholly owned subsidiary of Marfrig Global Foods S.A., a Brazilian corporation (sociedade por ações) ("Marfrig"), and Marfrig, pursuant to which Buyer (or in certain circumstances one or more of the other members of National Beef) will purchase from us our remaining equity units of National Beef Packing Company, LLC, a Delaware limited liability company ("National Beef"), representing approximately 31% of the outstanding equity of National Beef. On November 29, 2019, we consummated the transaction contemplated by the Agreement. At closing, we received a total of \$970 million in cash, including \$790.6 million from Marfrig and other shareholders and \$179.4 million from final distributions from National Beef. As a result of the closing, we no longer hold an equity interest in National Beef.

Item 9.01. Financial Statements and Exhibits

(b) Pro Forma Financial Information

Attached hereto as Exhibit 99 are the following unaudited pro forma condensed financial statements: unaudited pro forma balance sheet as of August 31, 2019 and unaudited pro forma statements of operations for the nine months ended August 31, 2019 and the eleven months ended November 30, 2018, that reflect the sale of Jefferies interest in National Beef.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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99	Unaudited pro forma financial statement information
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104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 5, 2019

JEFFERIES FINANCIAL GROUP INC.

By: /s/ Teresa S. Gendron
Name: Teresa S. Gendron
Title: Vice President and Chief Financial Officer

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Section 2: EX-99 (EXHIBIT 99 UNAUDITED PRO FORMA FINANCIAL STATEMENT INFORMATION)

Exhibit 99

Jefferies Financial Group Inc. Unaudited Pro Forma Condensed Consolidated Financial Information

On November 29, 2019, Jefferies Financial Group Inc. ("Jefferies", "we" or the "Company") completed the previously announced sale of its remaining 31% equity interest in National Beef Packing Company, LLC ("National Beef") to Marfrig Global Foods S.A. ("Marfrig") and certain other shareholders. We received a total of \$970 million in cash, including \$790.6 million from Marfrig and other shareholders and \$179.4 million from final distributions from National Beef. Effective November 29, 2019, we no longer hold an equity interest in National Beef.

The Unaudited Pro Forma Condensed Consolidated Statement of Financial Condition is presented as if the transaction had occurred as of the most recently filed Consolidated Statement of Financial Condition (as of August 31, 2019). The Unaudited Pro Forma Condensed Consolidated Statements of Operations for the nine months ended August 31, 2019 and the eleven months ended November 30, 2018 are presented as if the transaction had occurred immediately prior to the first day of the earliest period presented (prior to January 1, 2018).

On June 5, 2018, we completed the sale of 48% of National Beef to Marfrig, reducing our ownership in National Beef from 79% to 31%. As of the closing of the sale on June 5, 2018, we deconsolidated our investment in National Beef and accounted for our remaining 31% interest in National Beef under the equity method of accounting. We classified the results of National Beef prior to June 5, 2018 as discontinued operations in the Consolidated Statements of Operations. As such, pro forma adjustments to remove the remaining 31% interest in National Beef in these financial statements are from June 5, 2018 forward.

This unaudited pro forma condensed consolidated financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the Company's Transition Report on Form 10-K for the eleven months ended November 30, 2018 ("2018 10-K") and the Company's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2019 ("2019 Q3 10-Q"), as filed with the Securities and Exchange Commission.

The following unaudited pro forma condensed consolidated financial information is derived from the Company's historical consolidated financial statements. Historical financial information for the eleven months ended November 30, 2018 has been derived from audited historical consolidated financial statements included in the Company's 2018 10-K. Historical financial information for the Company as of and for the nine months ended August 31, 2019 has been derived from unaudited historical consolidated financial statements included in the Company's 2019 Q3 10-Q.

The unaudited pro forma condensed consolidated financial statements are based upon available information and certain assumptions considered reasonable by the Company. This unaudited pro forma condensed consolidated financial information is provided for illustrative purposes only and is not necessarily indicative of the results of operations that would have occurred had the transaction been effected on the assumed dates, nor is it necessarily indicative of our future operating results.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Financial Condition
August 31, 2019
(Dollars in thousands, except par value)

	Jefferies Historical	Pro Forma Adjustments Sale of 31% Interest in National Beef		Pro Forma
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,011,350	\$ 969,850	(a)	\$ 6,981,200
Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations	658,335	—		658,335
Trading assets, at fair value, including securities pledged of \$12,087,982	17,195,916	—		17,195,916
Loans to and investments in associated companies	2,346,297	(718,771)	(b)	1,627,526
Securities borrowed	7,895,149	—		7,895,149
Securities purchased under agreements to resell	4,499,995	—		4,499,995
Receivables	5,826,350	—		5,826,350
Intangible assets, net and goodwill	1,921,793	—		1,921,793
Deferred tax asset, net	509,772	(63,448)	(c)	446,324
Other assets	2,398,251	—		2,398,251
Total assets	<u>\$ 49,263,208</u>	<u>\$ 187,631</u>		<u>\$ 49,450,839</u>
<u>LIABILITIES</u>				
Short-term borrowings	\$ 518,914	\$ —		\$ 518,914
Trading liabilities, at fair value	10,296,315	—		10,296,315
Securities loaned	2,182,865	—		2,182,865
Securities sold under agreements to repurchase	8,236,981	—		8,236,981
Other secured financings	2,508,589	—		2,508,589
Payables, expense accruals and other liabilities	7,350,914	—		7,350,914
Long-term debt	7,968,785	—		7,968,785
Total liabilities	<u>39,063,363</u>	<u>—</u>		<u>39,063,363</u>
Commitments and contingencies				
<u>MEZZANINE EQUITY</u>				
Redeemable noncontrolling interests	27,064	—		27,064
Mandatorily redeemable convertible preferred shares	125,000	—		125,000
<u>EQUITY</u>				
Common shares, par value \$1 per share, authorized 600,000,000 shares; 299,867,942 shares issued and outstanding, after deducting 17,178,934 shares held in treasury	299,868	—		299,868
Additional paid-in capital	3,731,712	—		3,731,712
Accumulated other comprehensive income (loss)	(266,452)	23	(b)	(266,429)
Retained earnings	6,255,314	187,608	(d)	6,442,922
Total Jefferies Financial Group Inc. shareholders' equity	<u>10,020,442</u>	<u>187,631</u>		<u>10,208,073</u>
Noncontrolling interests	27,339	—		27,339
Total equity	<u>10,047,781</u>	<u>187,631</u>		<u>10,235,412</u>
Total	<u>\$ 49,263,208</u>	<u>\$ 187,631</u>		<u>\$ 49,450,839</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the nine months ended August 31, 2019
(In thousands, except per share amounts)

	Jefferies Historical	Pro Forma Adjustments Sale of 31% Interest in National Beef	Pro Forma
Revenues:			
Commissions and other fees	\$ 493,560	\$ —	\$ 493,560
Principal transactions	465,451	—	465,451
Investment banking	1,126,479	—	1,126,479
Interest income	1,243,278	—	1,243,278
Manufacturing revenues	248,227	—	248,227
Other	351,544	—	351,544
Total revenues	3,928,539	—	3,928,539
Interest expense of Jefferies Group	1,141,661	—	1,141,661
Net revenues	2,786,878	—	2,786,878
Expenses:			
Compensation and benefits	1,367,034	—	1,367,034
Cost of sales	233,109	—	233,109
Floor brokerage and clearing fees	163,113	—	163,113
Interest expense	69,819	—	69,819
Depreciation and amortization	110,600	—	110,600
Selling, general and other expenses	718,910	—	718,910
Total expenses	2,662,585	—	2,662,585
Income before income taxes and income (loss) related to associated companies	124,293	—	124,293
Income (loss) related to associated companies	121,766	(137,918) (b)	(16,152)
Income before income taxes	246,059	(137,918)	108,141
Income tax provision (benefit)	(522,626)	(34,851) (e)	(557,477)
Net income	768,685	(103,067)	665,618
Net income attributable to the noncontrolling interests	(759)	—	(759)
Net income attributable to the redeemable noncontrolling interests	(47)	—	(47)
Preferred stock dividends	(3,827)	—	(3,827)
Net income attributable to Jefferies Financial Group Inc. common shareholders	\$ 764,052	\$ (103,067)	\$ 660,985
Basic earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:			
Net income	\$ 2.44		\$ 2.11
Number of shares used in calculation	310,838		310,838
Diluted earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:			
Net income	\$ 2.41		\$ 2.08
Number of shares used in calculation	317,181		317,181

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the eleven months ended November 30, 2018
(In thousands, except per share amounts)

	Jefferies Historical	Pro Forma Adjustments		Pro Forma
		Elimination of Discontinued Operations	Sale of 31% Interest in National Beef	
Revenues:				
Commissions and other fees	\$ 634,271	\$ —	\$ —	\$ 634,271
Principal transactions	232,224	—	—	232,224
Investment banking	1,904,870	—	—	1,904,870
Interest income	1,294,325	—	—	1,294,325
Manufacturing revenues	357,427	—	—	357,427
Other	586,611	—	—	586,611
Total revenues	5,009,728	—	—	5,009,728
Interest expense of Jefferies Group	1,245,694	—	—	1,245,694
Net revenues	3,764,034	—	—	3,764,034
Expenses:				
Compensation and benefits	1,862,782	—	—	1,862,782
Cost of sales	307,071	—	—	307,071
Floor brokerage and clearing fees	184,210	—	—	184,210
Interest expense	89,249	—	—	89,249
Depreciation and amortization	120,317	—	—	120,317
Selling, general and other expenses	961,328	—	—	961,328
Total expenses	3,524,957	—	—	3,524,957
Income from continuing operations before income taxes and income (loss) related to associated companies	239,077	—	—	239,077
Income (loss) related to associated companies	57,023	—	(110,049) (b)	(53,026)
Income from continuing operations before income taxes	296,100	—	(110,049)	186,051
Income tax provision (benefit)	19,008	—	(27,787) (e)	(8,779)
Income from continuing operations	277,092	—	(82,262)	194,830
Income from discontinued operations, including gain on disposal, net of taxes	773,984	(773,984)	—	—
Net income	1,051,076	(773,984)	(82,262)	194,830
Net loss attributable to the noncontrolling interests	12,975	—	—	12,975
Net income attributable to the redeemable noncontrolling interests	(37,263)	37,141	—	(122)
Preferred stock dividends	(4,470)	—	—	(4,470)
Net income attributable to Jefferies Financial Group Inc. common shareholders	\$ 1,022,318	\$ (736,843)	\$ (82,262)	\$ 203,213
Basic earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:				
Income from continuing operations	\$ 0.82			\$ 0.58
Income from discontinued operations, including gain on disposal	2.11			—
Net income	\$ 2.93			\$ 0.58
Number of shares used in calculation	347,261			347,261
Diluted earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:				
Income from continuing operations	\$ 0.81			\$ 0.58
Income from discontinued operations, including gain on disposal	2.09			—

Net income	\$ 2.90	\$ 0.58
Number of shares used in calculation	<u>351,275</u>	<u>351,275</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

Note 1. Basis of Presentation

The Company's Unaudited Pro Forma Condensed Consolidated Statement of Financial Condition is presented as if the sale of the 31% interest in National Beef had occurred as of the most recently filed Consolidated Statement of Financial Condition (as of August 31, 2019). The Company's Unaudited Pro Forma Condensed Consolidated Statements of Operations for the nine months ended August 31, 2019 and the eleven months ended November 30, 2018 are presented as if the sale of the 31% interest in National Beef had occurred immediately prior to the first day of the earliest period presented (prior to January 1, 2018).

The pro forma adjustments reflect the sale of the 31% interest in National Beef. Retained earnings in the Unaudited Pro Forma Condensed Consolidated Statement of Financial Condition includes the after-tax gain on sale that would have been recorded if the transaction had occurred on August 31, 2019. The estimated gain (including related estimated transaction costs) is not included in the Unaudited Pro Forma Condensed Consolidated Statements of Operations as it represents a non-recurring item.

Note 2. Adjustments to Unaudited Pro Forma Condensed Consolidated Financial Statements

- (a) Represents the increase in cash and cash equivalents resulting from the pro forma consideration received (\$970.0 million), net of estimated transaction costs (\$0.2 million).
- (b) Represents the elimination of National Beef's historical financial information.
- (c) Adjustment to record tax effect of pro forma gain at a combined federal and state statutory tax rate of 25.3%.
- (d) To record the pro forma after-tax gain of \$187.6 million that would have been recorded if the transaction had occurred on August 31, 2019. As such, this pro forma gain is based on the net book value of National Beef as of August 31, 2019 and does not reflect activity subsequent to that date. The Company estimates that it will recognize a pre-tax gain from the sale of about \$210 million (\$157 million after-tax) in the fourth quarter of 2019.
- (e) Adjustment to record the tax effect of the pro forma adjustments at a combined federal and state statutory tax rate of 25.3% for the nine months ended August 31, 2019 and 25.2% for the eleven months ended November 30, 2018.

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