

**For Immediate Release**

## **TradeStation Reports Third Quarter 2009 Financial Results**

### **Company Reports Record Total Client Assets**

**Plantation FL, October 22, 2009** – TradeStation Group, Inc. (NASDAQ GS: TRAD) today reported 2009 third quarter net revenues of \$32.4 million, net income of \$3.7 million, and earnings per share (diluted) of 9 cents, compared to 2008 third quarter net revenues of \$41.8 million, net income of \$8.7 million, and earnings per share (diluted) of 20 cents.

Brokerage commissions and fees for the 2009 third quarter were \$28.6 million, as compared to 2008 third quarter brokerage commissions and fees of \$33.5 million. Brokerage commissions and fees are the largest component of the company's net revenues.

“Our third quarter financial performance was solid,” said David Fleischman, the company's Chief Financial Officer. “Despite difficult market conditions, we continue to maintain a strong balance sheet and grow our client account base. We also have record total client assets. It is important to remember the September 2008 spike in volatility, especially intraday volatility, when looking at year-over-year comparisons in brokerage commissions, as well as the reduction in interest rates when looking at earnings.”

TradeStation's balance sheet as of September 30, 2009 showed cash and cash equivalents and marketable securities totaling \$137 million, shareholders' equity of \$170 million, and no debt.

### **TradeStation Reports DARTs and Record Total Accounts**

For the 2009 third quarter, TradeStation experienced the following year-over-year daily trading results with respect to equities, futures and forex accounts:

	<u><b>Q3 09</b></u>	<u><b>Q3 08</b></u>	<u><b>Decrease</b></u>
Daily Average Revenue Trades	79,577	108,507	27%

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The company also published today, in a separate announcement, its DARTs, Total Client Assets, Average Equities Client Credit Balances and Average Equities Client Margin Balances for the month of September 2009.

TradeStation had a record 45,569 brokerage accounts at September 30, 2009, a 10% increase from September 30, 2008.

**TradeStation's Average Client Trades 445 Times per Year and Has an Average Account Balance of \$67,800 for Equities and \$19,000 for Futures**

TradeStation's brokerage client account metrics are among the best in the industry. TradeStation brokerage clients generated the following client account metrics in the 2009 third quarter:

**Client Trading Activity**

Annualized average revenue per account	\$2,614
Annualized trades per account	445

**Client Account Assets**

Average assets per account (Equities)	\$67,800
Average assets per account (Futures)	\$19,000

**Company Purchases 478,320 Shares under Stock Buy-Back Plan**

In the 2009 third quarter, the company purchased 478,320 shares of its common stock pursuant to its stock buy-back plan for a total purchase price of \$3.75 million. Since buying under the plan began November 13, 2006, through September 30, 2009 the company has purchased 4,669,565 shares for a total purchase price of \$43.1 million.

Under the stock buy-back plan, the company is authorized, over a 4-year period, to purchase up to \$60 million of its common stock using available and unrestricted cash in the open market or through privately-negotiated transactions pursuant to one or more Rule 10b5-1 plans or programs. Pursuant to the plan, up to \$1,250,000 of company cash per month during each month of the 4-year period (i.e., up to \$15 million per 12-month period and up to \$60 million for the 4-year period) has been authorized to be used to purchase company shares at prevailing prices, subject to compliance with applicable securities laws, rules and regulations, including Rules 10b5-1 and 10b-18. The buy-back plan does not obligate the company to acquire any specific number of shares in any period, and may be modified, suspended, extended or discontinued at any time without prior notice.

## **Company Provides 2009 Fourth Quarter Business Outlook**

TradeStation today also published its 2009 Fourth Quarter Business Outlook.

The company's 2009 Fourth Quarter Business Outlook estimated ranges are as follows:

### **2009 FOURTH QUARTER BUSINESS OUTLOOK (In Millions, Except Per Share Data)**

#### **2009 Fourth Quarter**

REVENUES	\$33.0 to \$35.0
EARNINGS PER SHARE (Diluted)	\$0.08 to \$0.09

The company's 2009 fourth quarter estimated ranges are based on numerous assumptions, including: basing the midpoints of the ranges, in part, on average daily revenue per account for each asset class (equities, futures, forex) at approximately the same level as average daily revenue per account over the nine-month period ended September 30, 2009 (the period used and the formula and criteria applied often vary with each Business Outlook based upon management's judgment each period concerning the best assumptions to use); treasury note rates and a federal funds target rate of interest of close to zero percent throughout the quarter; anticipated growth, attrition and trading activity of active trader equities, futures and forex accounts, and the proportions in trading activity among those asset classes (each of which have different profit margin structures); the timing of expenses relating to company growth initiatives as compared to the timing of anticipated benefits from those initiatives; and numerous other assumptions concerning the company's business and industry, market conditions, and various decisions, acts or failures to act both within and outside of the company's control. All assumptions, expectations and beliefs relating to the Business Outlook are forward-looking in nature and actual results may differ materially from those estimated, including, but not limited to, as a result of, or as indicated by, the issues, uncertainties and risk factors set forth and referenced above and below. In particular, to the extent market volatility moves to significantly higher or lower levels, net account growth increases, slows or decreases, the treasury note rates and federal funds target rates of interest are different than what has been assumed, and/or severe negative economic or financial market conditions persist or worsen, or improve sooner than expected, the results estimated in the Business Outlook will likely be materially different than actual results.

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## **Conference Call/Webcast**

At 11:00, a.m., Eastern Time, today, members of TradeStation Group senior management will conduct an analyst conference call to discuss the company's 2009 third quarter results and its 2009 Fourth Quarter Business Outlook. All company shareholders and the public are invited to listen. The telephone conference will be broadcast live via the Internet at [www.TradeStation.com](http://www.TradeStation.com). The live webcast will be accompanied by slides of graphs and charts. A rebroadcast of the call will be accessible for approximately 90 days.

## **About TradeStation Group, Inc.**

TradeStation Group, Inc. (NASDAQ GS: TRAD), through its principal operating subsidiary, TradeStation Securities, Inc., offers the *TradeStation* platform to the active trader and certain institutional trader markets. *TradeStation* is an electronic trading platform that offers state-of-the-art electronic order execution and enables clients to design, test, optimize, monitor and automate their own custom Equities, Options, Futures and Forex trading strategies.

TradeStation Securities, Inc. (Member NYSE, FINRA, SIPC, NSCC, DTC, OCC & NFA) is a licensed securities broker-dealer and a registered futures commission merchant, and also a member of the Boston Options Exchange, Chicago Board Options Exchange, Chicago Stock Exchange, International Securities Exchange and NASDAQ OMX. The company's technology subsidiary, TradeStation Technologies, Inc., develops and offers strategy trading software tools and subscription services. Its London-based subsidiary, TradeStation Europe Limited, an FSA-authorized brokerage firm, introduces UK and other European accounts to TradeStation Securities.

## **Forward-Looking Statements – Issues, Uncertainties and Risk Factors**

*This press release, including the 2009 Fourth Quarter Business Outlook estimated ranges contained in this press release, and today's earnings conference call, contain statements and estimates that are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this press release, or the conference call, the words "anticipate(s)," "anticipated," "anticipation," "assume(s)," "assumption(s)," "become(s)," "belief(s)," "believe(s)," "believed," "could," "designed," "estimate," "estimates," "estimated," "expect(s)," "expected," "expectation(s)," "going forward," "future," "hopeful," "hopefully," "hope(s)," "intend(s)," "intended," "look forward," "may," "might," "opportunity," "opportunities," "outlook(s)," "pending," "plan(s)," "planned," "potential," "scheduled," "shall," "should," "think(s)," "to be," "upcoming," "well-positioned," "will," "wish," "would," and similar expressions, if and to the extent used, are intended to identify forward-looking statements. All forward-looking statements are based largely on current expectations and beliefs concerning future events that are subject to substantial risks and uncertainties. Actual results may differ materially from the results herein suggested or suggested in the conference call. Factors that may cause or contribute to the various potential differences include, but are not limited to, the following:*

*" negative changes in the condition of the securities and futures markets, and the financial markets and economy generally (which could cause the company to experience significantly lower revenues, net income and earnings per share, as well as reduced market value of its publicly-traded shares of common stock), or unexpected positive changes (which could have the opposite effect);*

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- “ changes in the combined average volume of the major U.S. equities and futures exchanges and in market volatility, which tend to significantly affect customer trading volume at TradeStation (for example, sharply decreased market volatility in the 2009 third quarter as compared to the prior quarters in 2009 likely contributed to the significant decrease in client trading volume in that quarter);*
- “ changes in treasury note rates and federal funds target rates of interest that are inconsistent with, or different from, the company’s assumption that there will be no increases in 2009, that is, that those rates will remain at close to zero percent throughout 2009;*
- “ the company’s ability (or lack thereof), based upon market conditions, the level of success of its marketing and product development and enhancement efforts, product and service quality and reliability, competition (including both price and quality-of-offering competition, which are intense) and other factors, to achieve significant, or any, net increases in DARTs, brokerage accounts and brokerage commissions and fees sequentially or year over year (for example: TradeStation’s DARTs and brokerage commissions and fees both decreased sequentially and year over year in the 2009 third quarter, and net account growth substantially slowed in the 2009 third quarter; and these and other items may decrease sequentially or year over year in subsequent periods);*
- “ with respect to net new customer accounts, the company’s ability (or lack thereof) to maintain or increase the rate of quarterly gross account additions and to control the rate of quarterly account attrition, particularly in current market and economic conditions, including recession, unemployment, high volatility and swings in volatility, and if those conditions worsen and/or are prolonged (account attrition increased in the 2009 third quarter, which contributed to substantially slower account growth);*
- “ technical difficulties, outages, errors or failures in the company’s electronic and software products, services and systems relating to market data, order execution and trade processing and reporting, and other software or system errors and failures, which have increased over the past two years (also, the company does not maintain a seamless, redundant back-up system to its order execution systems, which could materially intensify the negative consequences of any such difficulties, outages, errors or failures);*
- “ with respect to technical difficulties, outages, errors and failures the company has experienced, the failure or inability of the company to address the underlying issues or causes relating to such problems, to adequately correct them and ensure they do not repeat (particularly as the volume of market data received from the exchanges, or the volume of the company’s client base’s trading volume, requires increased, improved or different hardware and/or software capacity, technology or company domain know-how), or otherwise to ensure the stability, capacity, speed and accuracy of the trading platform’s market data and order placement services, as such failure or inability on the part of the company could materially negatively affect the company’s reputation in the online trader market, causing increased attrition and a decrease in new accounts, and decreased net revenues and net income;*
- “ the company’s new “prime services” division turning out to be less profitable or more costly than expected, or resulting in unanticipated claims or liabilities against the company, as a result of (1) unanticipated start-up costs and expenses that are not offset or exceeded by expected revenues as and when planned (or at all), (2) the TradeStation trading platform, and the prime services offering generally, not growing in appeal to prime services clients to the extent the company believes they will, (3) the failure of the company to make timely and quality enhancements to its trading platform which are believed necessary to attract prime services clients to use TradeStation to execute and clear trades,*

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(4) TradeStation's size and balance sheet being unacceptably small to mid-size and larger prime services clients (which are part of the market segment the company intends to serve); and (5) the general unpredictability of operating results for a start-up business division, particularly given TradeStation's lack of experience in offering prime brokerage services;

- " a substantial decrease in the company's available cash should a large portion of its current available cash be used for acquisitions or other expansion activities;
- " infrastructure, capital or other large expenses, or unforeseen or unexpected liabilities and claims, the company may face as it seeks to grow its U.S. active trader market business, and its institutional (including prime services) and non-U.S. trader market businesses, including potential acquisition, joint venture, investment or business combination risks, costs and expenses (such as start-up costs and expenses, absorption of ongoing losses from an acquired entity, professional fees and, in the case of an acquisition, amortization expense) incurred in the event the company acquires, joint ventures with, invests in, or combines with other businesses, or launches additional new divisions (several such potential opportunities are currently under consideration);
- " business interruptions, slowdowns or failures affecting vendors or vendor services used by the company for clearance, settlement and back-office systems, whether caused by adverse economic conditions or other events, which could significantly interrupt, impair or injure the company's core business operations;
- " the potential negative effects on the company's brokerage commissions and fees of any future rules that may be imposed which ban short selling (such as the temporary ban in 2008 on short selling of financial sector securities) or restrict or limit short selling (such as new short sale regulations that are being considered by regulators), as a significant percentage of the firm's daily client trades on many trading days are short sale transactions;
- " the potential negative effects on the company's forex commissions and fees, and forex business generally, based on a new rule FINRA is seeking to enact that would prohibit broker-dealers from offering competitive buying power (as opposed to buying power that could be offered by forex dealers or agents who are not broker-dealers) to forex customer accounts;
- " in general, new or modified regulatory rules or requirements, or increased or more stringent enforcement and higher fines or greater sanctions, concerning required liquidity, net capital or deposits, or the manner in which TradeStation Securities operates its business and monitors and ensures compliance of its business operations with applicable laws, rules and regulations, that may be enacted or imposed in response to the current economic crisis and recent scandals, and which could materially increase the firm's cash requirements to conduct its business, require substantial increases in compliance, legal and/or brokerage operations costs, result in fines, penalties or sanctions, limit or reduce the firm's access to, or use of, a significant percentage of its now-available cash, or otherwise limit the firm's ability to engage fully, and with as much success, in the services it currently provides;
- " the frequency and size of, and ability to collect, unsecured client account debits as a result of volatile market movements and unstable economic conditions, particularly in concentrated positions held in client accounts or as a result of other high-risk positions or circumstances;

- " the results, which likely will not be known until 2010, of an ongoing investigation of TradeStation Securities by Canadian regulatory authorities relating to brokerage accounts held by Canadian residents in light of the firm not being registered (or having an introducing brokerage firm registered) in a Canadian province, which could result in substantial fines or settlements and affect the firm's ability to accept new, or retain existing, futures and forex brokerage accounts (the company does not have or accept equities accounts) from Canadian residents, which could adversely impact the company's futures revenues (since the inquiry was made, TradeStation Securities has not accepted Canadian resident futures or forex accounts);*
- " the company's estimated earnings per share (diluted) being based on assumptions of a certain number of outstanding shares and an average stock price for particular time periods that turn out to be inaccurate (if the number of outstanding shares and/or the average stock price is actually higher than what has been assumed, there will be more dilution and the actual earnings per share would be lower, and, if both of those are lower, there will be less dilution and higher earnings per share) because of new or modified company share buy-back plans (which the company considers from time to time and which could be implemented later in 2009 or 2010) or other events or factors that can affect the price of the company's shares or the number of outstanding shares;*
- " unauthorized intrusion and/or other criminal or fraudulent activity in customer accounts by persons who unlawfully or improperly access or use customer accounts (through deceit or otherwise) and then place orders or other transactions in, or deposit misappropriated funds in, or improperly withdraw funds from, those accounts;*
- " the effect of changes in product mix (how much of customer trading volume is stocks versus equity options versus futures versus forex), which can affect the company's revenues, net income and margins, even if overall volume remains the same;*
- " rule-based trading not growing in appeal to the extent the company believes it will (both in the U.S. and other regions);*
- " the effect of unanticipated increased infrastructure costs that may be incurred as the company seeks to increase its product development/information technology headcount and resources (which the company continues to try to do as quickly as possible) and grows its brokerage firm operations, adds accounts and introduces and expands existing and new product and service offerings;*
- " pending regulatory matters which could result in fines, sanctions and/or other negative consequences;*
- " the amount of unexpected legal, consultation and professional fees (including fees related to pending and future regulatory matters, lawsuits or other proceedings against the company, or potential acquisitions, investments, business combinations or strategic relationships);*
- the general variability and unpredictability of operating results forecast on a quarterly or annual basis; and*
- other items, events and unpredictable costs or revenue impact items or events that may occur, and other issues, risks and uncertainties indicated from time to time in the company's filings with the Securities and Exchange Commission, including, but not limited to, the company's Annual Report on Form 10-K*

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*for the fiscal year ended December 31, 2008, its Quarterly Reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009, and other company press releases, conference calls and public presentations or statements.*

**Contact**

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**TRADESTATION GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>REVENUES:</b>				
Brokerage commissions and fees	\$ 28,623	\$ 33,455	\$ 93,422	\$ 92,207
Interest income	1,612	6,967	3,948	23,305
Brokerage interest expense	-	682	-	2,753
Net interest income	1,612	6,285	3,948	20,552
Subscription fees and other	2,121	2,030	6,153	6,290
Net revenues	32,356	41,770	103,523	119,049
<b>EXPENSES:</b>				
Employee compensation and benefits	10,509	9,852	31,662	29,898
Clearing and execution	7,160	10,159	23,822	28,195
Data centers and communications	2,902	2,170	8,551	6,930
Marketing	1,453	1,535	5,046	4,323
Professional services	754	643	2,514	2,431
Occupancy and equipment	800	775	2,282	2,282
Depreciation and amortization	1,062	1,076	3,306	3,108
Other	1,653	1,553	4,862	4,355
Total expenses	26,293	27,763	82,045	81,522
Income before income taxes	6,063	14,007	21,478	37,527
<b>INCOME TAX PROVISION</b>	2,366	5,328	8,420	14,506
Net income	\$ 3,697	\$ 8,679	\$ 13,058	\$ 23,021
<b>EARNINGS PER SHARE:</b>				
Basic	\$ 0.09	\$ 0.20	\$ 0.31	\$ 0.53
Diluted	\$ 0.09	\$ 0.20	\$ 0.31	\$ 0.52
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>				
Basic	41,285	43,099	41,715	43,399
Diluted	41,792	43,876	42,188	44,160

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**TRADESTATION GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
<u>ASSETS:</u>	<b>(Unaudited)</b>	
Cash and cash equivalents, including restricted cash of \$717 and \$956 at September 30, 2009 and December 31, 2008*	\$ 51,952	\$ 100,314
Cash and investments segregated in compliance with federal regulations	796,514	626,103
Marketable securities	84,912	8,465
Receivables from brokers, dealers, clearing organizations and clearing agents	26,785	11,139
Receivables from brokerage customers, net	39,861	30,316
Property and equipment, net	6,724	6,602
Deferred income taxes, net	1,908	3,001
Deposits with clearing organizations	33,019	48,019
Other assets	4,267	3,473
Total assets	\$ 1,045,942	\$ 837,432
<u>LIABILITIES AND SHAREHOLDERS' EQUITY:</u>		
<u>LIABILITIES:</u>		
Payables to brokers, dealers and clearing organizations	\$ 79	\$ 87
Payables to brokerage customers	865,700	661,046
Accounts payable	2,449	3,363
Accrued expenses	7,978	7,935
Total liabilities	876,206	672,431
<u>COMMITMENTS AND CONTINGENCIES</u>		
<u>SHAREHOLDERS' EQUITY</u>	169,736	165,001
Total liabilities and shareholders' equity	\$ 1,045,942	\$ 837,432

\* September 30, 2009 Cash and cash equivalents includes \$10.0 million that was transferred on October 1, 2009 to Cash and investments segregated in compliance with federal regulations. December 31, 2008 Cash and cash equivalents excludes \$4.1 million that was transferred on January 2, 2009 from Cash segregated in compliance with federal regulations.