



JEFFERIES

FOR IMMEDIATE RELEASE

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JEFFERIES GROUP ANNOUNCES RECORD QUARTERLY REVENUES AND NET EARNINGS

NEW YORK, July 15, 2003 -- Jefferies Group, Inc. (NYSE: JEF) today announced record financial results for the second quarter ended June 27, 2003.

Highlights for the second quarter ended June 27, 2003:

- Earnings per share (diluted) of \$0.65 matched a previous record and exceeded the \$0.64 earned in the second quarter of 2002.
- Net earnings were a record \$18.7 million compared to \$17.6 million for the second quarter of 2002.
- Total revenues were a record \$230.2 million versus \$200.9 million for the second quarter of 2002.
- Earnings before income taxes and minority interest were a record \$32.3 million compared to \$29.9 million for the second quarter of 2002.
- Investment banking revenues were \$44.7 million compared to \$41.7 million for the second quarter of 2002.

Highlights for the first six months ended June 27, 2003:

- Earnings per share (diluted) were \$1.14 versus \$1.29 for the first half of 2002.
- Net earnings were \$32.9 million compared to \$35.3 million for the first half of 2002.
- Total revenues were \$415.5 million compared to \$396.2 million for the first half of 2002.
- Earnings before income taxes and minority interest were \$55.6 million compared to \$59.9 million for the first half of 2002.
- Investment banking revenues were \$88.9 million compared to \$79.3 million for the first half of 2002.

"We are pleased with the quality and breadth of our second quarter results. We plan to continue to invest in our platform with the goal to be the best provider of services for middle market companies and investors," said Richard B. Handler, Chairman and Chief Executive Officer of Jefferies.

"The human capital that we've added throughout our firm over the past few years made a meaningful contribution this quarter," added John C. Shaw, Jr., President of Jefferies. "Our people are our most important asset, and we will continue to do our best to challenge and motivate our existing partners while attracting the best talent to our team."

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Conference Call

A conference call with management discussion of financial results for the second quarter and first half ended June 27, 2003 will be held July 15 at 11 AM (Eastern) and can be accessed at 617-801-9714 (live code: 22871334). A replay of the call will be available through July 22nd at 617-801-6888 (replay code: 465059).

A live audio Webcast and delayed replay will also be available at www.jefco.com and www.streetevents.com. Questions for consideration by management can be submitted in advance through the "Contact Us" function at www.jefco.com or by calling 203-708-5975 by 10 AM Eastern on July 15.

About Jefferies

Jefferies Group, Inc. (NYSE: JEF) is a holding company whose affiliated companies, including its principal operating subsidiary, Jefferies & Company, Inc., offer a variety of services for institutional investors and growth companies. Subsidiaries of Jefferies Group, Inc., together, comprise a full-service investment bank and institutional securities firm focused on the middle market. Jefferies offers financial advisory, capital raising, mergers and acquisitions, and restructuring services to small and mid-cap companies. The firm provides outstanding trade execution in equity, high yield, convertible and international securities, as well as fundamental research and asset management capabilities, to institutional investors. Additional services include correspondent clearing, prime brokerage, private client services and securities lending. The firm's leadership in equity trading is recognized by numerous consulting and survey organizations, and Jefferies' subsidiary, Helfant Group, Inc., executes more than eleven percent of the daily reported volume on the NYSE.

Through its subsidiaries, Jefferies Group, Inc. employs more than 1,350 people in 20 offices worldwide, including Atlanta, Boston, Chicago, Dallas, London, Los Angeles, New York, Paris, San Francisco, Tokyo, Washington and Zurich. Further information about Jefferies, including a description of investment banking, trading, research and asset management services, can be found at www.jefco.com.

This press release contains statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements contain expectations regarding operations and our statements about plans and objectives. These forward-looking statements include the words "will," "continue," "plan" and other similar expressions. These forward-looking statements represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. Actual results could differ materially from those projected in these forward-looking statements. Please refer to our recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 9, 2003 and other filings we make with the Securities and Exchange Commission for a discussion of important factors that could cause actual results to differ materially from those projected in these forward-looking statements. We do not assume any obligation to update any forward-looking statement we make.

PLEASE NOTE: Share and per share information in this press release have not been restated to retroactively reflect the effect of the 2-for-1 stock split declared by the Board of Directors payable to stockholders of record as of July 31, 2003.

-- financial tables follow --

JEFFERIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 27, 2003	June 28, 2002	June 27, 2003	June 28, 2002
Revenues:				
Commissions.....	\$ 69,770	\$ 63,063	\$ 126,427	\$ 127,636
Principal transactions.....	80,437	67,288	139,126	133,955
Investment banking.....	44,716	41,650	88,919	79,318
Interest	30,701	24,447	52,200	46,076
Asset management.....	3,010	2,724	5,687	6,211
Other	1,575	1,705	3,149	3,023
Total revenues.....	<u>230,209</u>	<u>200,877</u>	<u>415,508</u>	<u>396,219</u>
Interest expense.....	31,378	22,748	52,428	40,346
Revenues, net of interest expense.....	<u>198,831</u>	<u>178,129</u>	<u>363,080</u>	<u>355,873</u>
Non-interest expenses:				
Compensation and benefits.....	114,115	101,715	209,512	206,282
Floor brokerage and clearing fees.....	12,483	13,442	23,295	27,590
Technology and communications.....	14,153	13,998	28,624	25,393
Occupancy and equipment rental.....	9,499	6,148	16,825	12,306
Business development.....	5,519	5,686	11,569	11,990
Other	10,760	7,243	17,696	12,451
Total non-interest expenses.....	<u>166,529</u>	<u>148,232</u>	<u>307,521</u>	<u>296,012</u>
Earnings before income taxes and minority interest.....				
Income taxes.....	32,302	29,897	55,559	59,861
Earnings before minority interest.....	11,640	12,282	20,712	24,574
Minority interest in earnings of consolidated subsidiaries, net.....	20,662	17,615	34,847	35,287
Net earnings.....	<u>1,924</u>	<u>—</u>	<u>1,924</u>	<u>—</u>
	<u>\$ 18,738</u>	<u>\$ 17,615</u>	<u>\$ 32,923</u>	<u>\$ 35,287</u>
Earnings per share:				
Basic.....	\$ 0.75	\$ 0.72	\$ 1.32	\$ 1.43
Diluted.....	<u>\$ 0.65</u>	<u>\$ 0.64</u>	<u>\$ 1.14</u>	<u>\$ 1.29</u>
Weighted average shares:				
Basic.....	25,102	24,626	25,006	24,695
Diluted.....	29,038	27,436	28,795	27,407

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JEFFERIES GROUP, INC. AND SUBSIDIARIES
SELECTED STATISTICAL INFORMATION
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Quarters ended				
	6/27/2003	3/28/2003	12/31/2002	9/27/2002	6/28/2002
Statement of Earnings					
Revenues, net of interest expense.....	\$198,831	\$164,249	\$159,907	\$158,909	\$178,129
Non-interest expenses:					
Compensation and benefits.....	114,115	95,397	87,425	91,878	101,715
Non-personnel expenses.....	52,414	45,595	47,965	47,717	46,517
Earnings before income taxes and minority interest.....	32,302	23,257	24,517	19,314	29,897
Income taxes.....	11,640	9,072	9,015	7,532	12,282
Earnings before minority interest.....	20,662	14,185	15,502	11,782	17,615
Minority interest in earnings of consolidated subsidiaries, net.....	1,924	—	—	—	—
Net earnings.....	<u>\$18,738</u>	<u>\$14,185</u>	<u>\$15,502</u>	<u>\$11,782</u>	<u>\$17,615</u>
Diluted earnings per share.....	<u>\$0.65</u>	<u>\$0.50</u>	<u>\$0.56</u>	<u>\$0.43</u>	<u>\$0.64</u>
Financial Ratios					
Pretax operating margin.....	16.2%	14.2%	15.3%	12.2%	16.8%
Compensation and benefits/net revenues.....	57.4%	58.1%	54.7%	57.8%	57.1%
Effective tax rate.....	36.0%	39.0%	36.8%	39.0%	41.1%

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JEFFERIES GROUP, INC. AND SUBSIDIARIES
SELECTED STATISTICAL INFORMATION
(Dollars and Shares in Thousands)
(Unaudited)

	Quarters ended				
	6/27/2003	3/28/2003	12/31/2002	9/27/2002	6/28/2002
Revenues by Source					
Commissions and principal transactions:					
Equities	\$85,047	\$69,993	\$86,802	\$81,613	\$76,257
International	25,618	16,231	16,703	21,602	19,563
High yield	9,434	10,835	7,479	6,502	9,826
Convertibles	8,570	8,184	7,825	6,823	7,573
Execution	5,946	5,089	5,842	6,380	8,262
Bonds Direct	6,038	4,538	3,293	3,723	2,641
Other proprietary trading	9,554	476	(5,713)	(6,200)	6,229
Total	150,207	115,346	122,231	120,443	130,351
Investment banking	44,716	44,203	31,059	29,451	41,650
Interest	30,701	21,499	20,860	25,091	24,447
Asset management	3,010	2,677	3,425	2,390	2,724
Other	1,575	1,574	1,831	1,776	1,705
Total revenues	\$230,209	\$185,299	\$179,406	\$179,151	\$200,877
Other Data					
Number of trading days	63	60	65	63	64
Average employees	1,364	1,359	1,323	1,292	1,229
Common shares outstanding	27,571	27,568	26,952	26,895	26,930
Weighted average shares:					
Basic	25,102	24,905	24,439	24,645	24,626
Diluted	29,038	28,562	27,618	27,618	27,436

As of June 27, 2003, stockholders' equity amounted to \$683 million, resulting in a book value of \$24.78 per share.

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