



JEFFERIES

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JEFFERIES ANNOUNCES RECORD QUARTERLY EARNINGS PER SHARE UP 67% FROM PRIOR YEAR

NEW YORK, October 14, 2003 – Jefferies Group, Inc. (NYSE: JEF) today announced financial results for the third quarter and nine months ended September 26, 2003.

Highlights for the third quarter ended September 26, 2003:

- Earnings per share (diluted) increased 67% to a record \$0.35, exceeding the \$0.21 earned in the third quarter of 2002.
- Net earnings were up 74% to a record \$20.5 million compared to \$11.8 million for the third quarter of 2002.
- Earnings before income taxes and minority interest grew 87% to a record \$36.1 million compared to \$19.3 million for the third quarter of 2002.
- Total revenues rose 24% to \$221.9 million versus \$179.2 million in the third quarter of 2002.
- Investment banking revenues climbed 43% to \$42.0 million compared to \$29.5 million for the third quarter of 2002.

Highlights for the first nine months ended September 26, 2003:

- Earnings per share (diluted) increased 7% to a record \$0.92, exceeding the \$0.86 earned in the first nine months of 2002.
- Net earnings were up 14% to a record \$53.5 million compared to \$47.1 million for the first nine months of 2002.
- Earnings before income taxes and minority interest grew 16% to a record \$91.7 million compared to \$79.2 million for the first nine months of 2002.
- Total revenues rose 11% to a record \$637.5 million versus \$575.4 million for the first nine months of 2002.
- Investment banking revenues climbed 20% to \$130.9 million compared to \$108.8 million for the first nine months of 2002.

"We had solid results with a significant number of our business units showing gains from the previous quarter as the capital markets and economy improved," said Richard B. Handler, Chairman and Chief Executive Officer of Jefferies. "We are particularly pleased with this quarter as it extends Jefferies' strong performance during the past three record years."

"Our investment in human capital over the past few years is paying dividends, and we remain focused on the expansion and diversification of the Jefferies platform," added John C. Shaw, Jr., President of Jefferies. "Our ability to attract and retain meaningful producers in each of our businesses continues to be key to our growth."

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Conference Call

A conference call with management discussion of financial results for the third quarter ended September 26, 2003 will be held October 14 at 11:30 AM (Eastern) and can be accessed at 617-801-9714 (code: 22871334). A replay of the call will be available two hours post-call at 617-801-6888 (code: 14373162). A live audio Webcast and delayed replay will also be available under "Investor Relations" at www.jefco.com. Questions for consideration by management may be submitted in advance through the "Contact Us" function at www.jefco.com or by calling 203-708-5975 by 10 AM Eastern on October 14.

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 middle-market 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 approximately eleven percent of the daily reported volume of the NYSE.

Through its subsidiaries, Jefferies Group, Inc. employs more than 1,400 people in 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.

-- financial tables follow --

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

	Three Months Ended		Nine Months Ended	
	Sept. 26, 2003	Sept. 27, 2002	Sept. 26, 2003	Sept. 27, 2002
Revenues:				
Commissions.....	\$ 59,379	\$ 72,183	\$ 185,806	\$ 199,819
Principal transactions.....	86,749	48,260	225,875	182,215
Investment banking.....	42,000	29,451	130,919	108,769
Interest	23,582	25,091	75,782	71,167
Asset management.....	4,891	2,390	10,578	8,601
Other	5,346	1,776	8,495	4,799
Total revenues.....	221,947	179,151	637,455	575,370
Interest expense	21,117	20,242	73,545	60,588
Revenues, net of interest expense.....	200,830	158,909	563,910	514,782
Non-interest expenses:				
Compensation and benefits.....	115,996	91,878	325,508	298,160
Floor brokerage and clearing fees.....	12,323	14,542	35,618	42,132
Technology and communications	13,998	13,446	42,622	38,839
Occupancy and equipment rental.....	7,824	6,711	24,649	19,017
Business development.....	6,022	5,445	17,591	17,435
Other.....	8,527	7,573	26,223	20,024
Total non-interest expenses	164,690	139,595	472,211	435,607
Earnings before income taxes and minority interest.....	36,140	19,314	91,699	79,175
Income taxes.....	12,906	7,532	33,618	32,106
Earnings before minority interest.....	23,234	11,782	58,081	47,069
Minority interest in earnings of consolidated subsidiaries, net.....	2,702	—	4,626	—
Net earnings.....	\$ 20,532	\$ 11,782	\$ 53,455	\$ 47,069
Earnings per share:				
Basic	\$ 0.41	\$ 0.24	\$ 1.06	\$ 0.95
Diluted	\$ 0.35	\$ 0.21	\$ 0.92	\$ 0.86
Weighted average shares:				
Basic	50,642	49,291	50,225	49,356
Diluted	59,502	55,237	58,269	54,957

* All share and per share information has been restated to retroactively reflect the effect of the two-for-one stock split declared by the Board of Directors on July 14, 2003 effected as a stock dividend on August 15, 2003.

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

	Quarters ended				
	9/26/2003	6/27/2003	3/28/2003	12/31/2002	9/27/2002
Statement of Earnings					
Revenues, net of interest expense.....	\$200,830	\$198,831	\$164,249	\$159,907	\$158,909
Non-interest expenses:					
Compensation and benefits	115,996	114,115	95,397	87,425	91,878
Non-personnel expenses.....	48,694	52,414	45,595	47,965	47,717
Earnings before income taxes and minority interest	36,140	32,302	23,257	24,517	19,314
Income taxes	12,906	11,640	9,072	9,015	7,532
Earnings before minority interest	23,234	20,662	14,185	15,502	11,782
Minority interest in earnings of consolidated subsidiaries, net.....	2,702	1,924	—	—	—
Net earnings	<u>\$20,532</u>	<u>\$18,738</u>	<u>\$14,185</u>	<u>\$15,502</u>	<u>\$11,782</u>
 Diluted earnings per share.....	 <u>\$0.35</u>	 <u>\$0.32</u>	 <u>\$0.25</u>	 <u>\$0.28</u>	 <u>\$0.21</u>
Financial Ratios					
Pretax operating margin	18.0%	16.2%	14.2%	15.3%	12.2%
Compensation and benefits/net revenues	57.8%	57.4%	58.1%	54.7%	57.8%
Effective tax rate	35.7%	36.0%	39.0%	36.8%	39.0%

* All per share information has been restated to retroactively reflect the effect of the two-for-one stock split declared by the Board of Directors on July 14, 2003 effected as a stock dividend on August 15, 2003.

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

	Quarters ended				
	9/26/2003	6/27/2003	3/28/2003	12/31/2002	9/27/2002
Revenues by Source					
Commissions and principal transactions:					
Equities.....	\$85,142	\$85,047	\$69,993	\$86,802	\$81,613
International.....	21,951	25,618	16,231	16,703	21,602
High yield.....	10,843	9,434	10,835	7,479	6,502
Convertibles.....	5,146	8,570	8,184	7,825	6,823
Execution.....	6,210	5,946	5,089	5,842	6,380
Bonds Direct.....	8,066	6,038	4,538	3,293	3,723
Other proprietary trading.....	8,770	9,554	476	(5,713)	(6,200)
Total.....	146,128	150,207	115,346	122,231	120,443
Investment banking.....	42,000	44,716	44,203	31,059	29,451
Interest.....	23,582	30,701	21,499	20,860	25,091
Asset management.....	4,891	3,010	2,677	3,425	2,390
Other.....	5,346	1,575	1,574	1,831	1,776
Total revenues.....	\$221,947	\$230,209	\$185,299	\$179,406	\$179,151

Other Data

Number of trading days.....	63	63	60	65	63
Average employees.....	1,384	1,364	1,359	1,323	1,292
Common shares outstanding.....	56,425	55,142	55,136	53,904	53,790
Weighted average shares:					
Basic.....	50,642	50,204	49,811	48,878	49,291
Diluted.....	59,502	58,077	57,124	55,236	55,237

* All share and per share information has been restated to retroactively reflect the effect of the two-for-one stock split declared by the Board of Directors on July 14, 2003 effected as a stock dividend on August 15, 2003.

As of September 26, 2003, stockholders' equity amounted to \$716 million, resulting in a book value of \$12.69 per share.
