



JEFFERIES

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JEFFERIES ANNOUNCES FOURTH CONSECUTIVE RECORD YEAR

Fourth Quarter Total Revenues Up 61%, Earnings Per Share Up 79%

New York, January 20, 2004 – Jefferies Group, Inc. (NYSE: JEF) today announced record financial results for the fourth quarter and year ended December 31, 2003.

Highlights for the fourth quarter ended December 31, 2003:

- Earnings per share (diluted) were up 79% to a record \$0.50 compared to \$0.28 for the fourth quarter of 2002.
- Net earnings were up 97% to a record \$30.6 million compared to \$15.5 million for the fourth quarter of 2002.
- Earnings before income taxes and minority interest were up 116% to a record \$52.8 million compared to \$24.5 million for the fourth quarter of 2002.
- Total revenues were up 61% to a record \$289 million versus \$179 million for the fourth quarter of 2002.
- Investment banking revenues climbed 217% to \$98.7 million compared to \$31.1 million for the fourth quarter of 2002.

Highlights for the year ended December 31, 2003:

- Earnings per share (diluted) were up 25% to a record \$1.42 compared to \$1.14 for 2002.
- Net earnings were up 34% to a record \$84.1 million compared to \$62.6 million for 2002.
- Earnings before income taxes and minority interest were up 39% to a record \$144.5 million compared to \$103.7 million for 2002.
- Total revenues were up 23% to a record \$927 million compared to \$755 million for 2002.
- Investment banking revenues were up 64% to a record \$229.6 million compared to \$139.8 million for 2002.

In a joint statement, Richard B. Handler, Chairman and Chief Executive Officer, and John C. Shaw, Jr., President, commented, "These results are only possible because of the loyal support of our clients and the dedication of our 1,600 employee-partners. We thank them all."

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Conference Call

A conference call with management discussion of financial results for the fourth quarter ended December 31, 2003 will be held January 21 at 11:00 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: 14373163). A live audio webcast and delayed replay will also be available under "Investor Relations" at www.jefco.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 9:30 AM Eastern on January 21.

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 1,600 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		Year Ended	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
Revenues:				
Commissions	\$ 64,385	\$ 69,165	\$ 250,191	\$ 268,984
Principal transactions	90,925	53,066	316,800	235,281
Investment banking	98,689	31,059	229,608	139,828
Interest	26,621	20,860	102,403	92,027
Asset management	6,690	3,425	17,268	12,026
Other	1,951	1,831	10,446	6,630
Total revenues	<u>289,261</u>	<u>179,406</u>	<u>926,716</u>	<u>754,776</u>
Interest expense	23,557	19,499	97,102	80,087
Revenues, net of interest expense	<u>265,704</u>	<u>159,907</u>	<u>829,614</u>	<u>674,689</u>
Non-interest expenses:				
Compensation and benefits	149,201	87,425	474,709	385,585
Floor brokerage and clearing fees	12,599	12,549	48,217	54,681
Technology and communications	15,959	13,377	58,581	52,216
Occupancy and equipment rental	7,885	7,139	32,534	26,156
Business development	8,890	5,538	26,481	22,973
Other	18,336	9,362	44,559	29,386
Total non-interest expenses	<u>212,870</u>	<u>135,390</u>	<u>685,081</u>	<u>570,997</u>
Earnings before income taxes and minority interest				
Income taxes	52,834	24,517	144,533	103,692
Earnings before minority interest	19,233	9,015	52,851	41,121
Minority interest in earnings of consolidated subsidiaries, net	33,601	15,502	91,682	62,571
Net earnings	3,005	—	7,631	—
Net earnings	<u>\$ 30,596</u>	<u>\$ 15,502</u>	<u>\$ 84,051</u>	<u>\$ 62,571</u>
Earnings per share:				
Basic	\$ 0.57	\$ 0.32	\$ 1.58	\$ 1.27
Diluted	<u>\$ 0.50</u>	<u>\$ 0.28</u>	<u>\$ 1.42</u>	<u>\$ 1.14</u>
Weighted average shares:				
Basic	54,113	48,878	53,090	49,232
Diluted	61,039	55,236	59,266	55,020

* 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				
	12/31/2003	9/26/2003	6/27/2003	3/28/2003	12/31/2002
Statement of Earnings					
Revenues, net of interest expense.....	\$265,704	\$200,830	\$198,831	\$164,249	\$159,907
Non-interest expenses:					
Compensation and benefits	149,201	115,996	114,115	95,397	87,425
Non-personnel expenses	63,669	48,694	52,414	45,595	47,965
Earnings before income taxes and minority interest.....	52,834	36,140	32,302	23,257	24,517
Income taxes.....	19,233	12,906	11,640	9,072	9,015
Earnings before minority interest.....	33,601	23,234	20,662	14,185	15,502
Minority interest in earnings of consolidated subsidiaries, net.....	3,005	2,702	1,924	—	—
Net earnings.....	<u>\$30,596</u>	<u>\$20,532</u>	<u>\$18,738</u>	<u>\$14,185</u>	<u>\$15,502</u>
Diluted earnings per share	<u>\$0.50</u>	<u>\$0.35</u>	<u>\$0.32</u>	<u>\$0.25</u>	<u>\$0.28</u>
Financial Ratios					
Pretax operating margin	19.9%	18.0%	16.2%	14.2%	15.3%
Compensation and benefits/net revenues	56.2%	57.8%	57.4%	58.1%	54.7%
Effective tax rate	36.4%	35.7%	36.0%	39.0%	36.8%

* 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				
	12/31/2003	9/26/2003	6/27/2003	3/28/2003	12/31/2002
Revenues by Source					
Commissions and principal transactions:					
Equities	\$92,021	\$85,142	\$85,047	\$69,993	\$86,802
International.....	21,507	21,951	25,618	16,231	16,703
High yield.....	16,228	10,843	9,434	10,835	7,479
Convertibles.....	6,899	5,146	8,570	8,184	7,825
Execution.....	6,492	6,210	5,946	5,089	5,842
Bonds Direct.....	8,600	8,066	6,038	4,538	3,293
Other proprietary trading	3,563	8,770	9,554	476	(5,713)
Total.....	155,310	146,128	150,207	115,346	122,231
Investment banking.....	98,689	42,000	44,716	44,203	31,059
Interest.....	26,621	23,582	30,701	21,499	20,860
Asset management.....	6,690	4,891	3,010	2,677	3,425
Other	1,951	5,346	1,575	1,574	1,831
Total revenues.....	\$289,261	\$221,947	\$230,209	\$185,299	\$179,406
Other Data					
Number of trading days	66	63	63	60	65
Average employees.....	1,432	1,384	1,364	1,359	1,323
Common shares outstanding	56,702	56,425	55,142	55,136	53,904
Weighted average shares:					
Basic	54,113	53,534	52,608	52,054	48,878
Diluted.....	61,039	59,502	58,077	57,124	55,236

* 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 December 31, 2003, stockholders' equity amounted to \$838 million, resulting in a book value of \$14.79 per share.
