



JEFFERIES

FOR IMMEDIATE RELEASE

**Contact: Joseph A. Schenk
(212) 284-2338**

JEFFERIES GROUP ANNOUNCES SECOND QUARTER RESULTS

Revenues, Net Earnings, and Earnings Per Share Up 20%, 70%, and 56%, Respectively

New York, July 13, 2004 – Jefferies Group, Inc. (NYSE: JEF) today announced financial results for the quarter ended June 25, 2004.

Highlights for the second quarter ended June 25, 2004:

- Total revenues were up 20% to \$277.2 million versus \$230.2 million for the second quarter of 2003.
- Net earnings were up 70% to \$31.8 million compared to \$18.7 million for the second quarter of 2003.
- Earnings per share (diluted) were up 56% to \$0.50 compared to \$0.32 for the second quarter of 2003.
- Total trading revenues were up 1% to \$148.0 million versus \$146.2 million for the second quarter of 2003.
- Investment banking revenues were up 87% to \$83.6 million versus \$44.7 million for the second quarter of 2003.
- Asset management related revenues were up 169% to \$18.8 million versus \$7.0 million for the second quarter of 2003.

Highlights for the first six months ended June 25, 2004:

- Total revenues were up 40% to \$580.3 million versus \$415.5 million for the first half of 2003.
- Net earnings were up 94% to \$63.7 million compared to \$32.9 million for the first half of 2003.
- Earnings per share (diluted) were up 75% to \$1.00 compared to \$0.57 for the first half of 2003.
- Total trading revenues were up 18% to \$306.7 million versus \$260.7 million for the first half of 2003.
- Investment banking revenues were up 97% to \$174.9 million versus \$88.9 million for the first half of 2003.
- Asset management related revenues were up 302% to \$42.6 million versus \$10.6 million for the first half of 2003.

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"This strong performance is a result of our commitment to diversify revenues as we continue to develop our strategy to serve middle market and growth companies and their investors," said Richard B. Handler, Chairman and Chief Executive Officer of Jefferies. "As always, we wish to thank our clients, shareholders and employees for their support."

"We see a continuing opportunity to consolidate and lead middle market trading, investment banking, and asset management," added John C. Shaw, Jr., President of Jefferies.

Conference Call

A conference call with management discussion of financial results for the second quarter and first half ended June 25, 2004 will be held July 13 at 11:00 AM (Eastern) and can be accessed at 617-801-9714 (code: 93408551). A replay of the call will be available two hours post-call at 617-801-6888 (code: 23435057). 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 July 13.

About Jefferies

Jefferies, a global investment bank and institutional securities firm, has served middle-market and growth companies and their investors for over 40 years. Headquartered in New York with more than 20 offices around the world, Jefferies provides clients with capital markets and financial advisory services, institutional brokerage, research and asset management. The firm is a leading provider of trade execution in equity, high yield, convertible and international securities, serving institutional investors and high net worth individuals. Jefferies & Company, Inc. is the principal operating subsidiary of Jefferies Group, Inc. (NYSE: JEF; www.jefco.com), a publicly traded holding company.

Forward-Looking Statements

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 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements about our future and may contain expectations regarding revenues, earnings, operations and other financial projections, and may include statements of future performance, positioning, plans and objectives. 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 4, 2004 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.

-- 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 25, 2004	June 27, 2003	June 25, 2004	June 27, 2003
Revenues:				
Commissions	\$ 66,002	\$ 69,770	\$ 138,305	\$ 126,427
Principal transactions.....	82,001	76,461	168,441	134,226
Investment banking.....	83,572	44,716	174,944	88,919
Asset management fees and investment income from managed funds.....	18,827	6,986	42,628	10,587
Interest	24,445	30,701	49,184	52,200
Other	2,323	1,575	6,762	3,149
Total revenues.....	<u>277,170</u>	<u>230,209</u>	<u>580,264</u>	<u>415,508</u>
Interest expense.....	<u>29,303</u>	<u>31,378</u>	<u>53,890</u>	<u>52,428</u>
Revenues, net of interest expense.....	<u>247,867</u>	<u>198,831</u>	<u>526,374</u>	<u>363,080</u>
Non-interest expenses:				
Compensation and benefits	135,819	114,115	294,757	209,512
Floor brokerage and clearing fees	13,225	12,483	26,980	23,295
Technology and communications.....	16,194	14,153	32,603	28,624
Occupancy and equipment rental	9,444	9,499	19,056	16,825
Business development.....	8,930	5,519	17,340	11,569
Other	9,579	10,760	19,743	17,696
Total non-interest expenses.....	<u>193,191</u>	<u>166,529</u>	<u>410,479</u>	<u>307,521</u>
Earnings before income taxes and minority interest.....	54,676	32,302	115,895	55,559
Income taxes.....	<u>21,207</u>	<u>11,640</u>	<u>42,464</u>	<u>20,712</u>
Earnings before minority interest.....	33,469	20,662	73,431	34,847
Minority interest in earnings of consolidated subsidiaries, net.....	1,683	1,924	9,736	1,924
Net earnings.....	<u>\$ 31,786</u>	<u>\$ 18,738</u>	<u>\$ 63,695</u>	<u>\$ 32,923</u>
Earnings per share:				
Basic.....	<u>\$ 0.55</u>	<u>\$ 0.36</u>	<u>\$ 1.12</u>	<u>\$ 0.63</u>
Diluted.....	<u>\$ 0.50</u>	<u>\$ 0.32</u>	<u>\$ 1.00</u>	<u>\$ 0.57</u>
Weighted average shares:				
Basic.....	57,559	52,608	56,939	52,336
Diluted.....	63,927	58,077	63,508	57,591

* 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 and 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				
	6/25/2004	3/26/2004	12/31/2003	9/26/2003	6/27/2003
Statement of Earnings					
Revenues, net of interest expense.....	\$247,867	\$278,507	\$265,704	\$200,830	\$198,831
Non-interest expenses:					
Compensation and benefits.....	135,819	158,938	149,201	115,996	114,115
Non-personnel expenses.....	57,372	58,350	63,669	48,694	52,414
Earnings before income taxes and minority interest.....	54,676	61,219	52,834	36,140	32,302
Income taxes.....	21,207	21,257	19,233	12,906	11,640
Earnings before minority interest.....	33,469	39,962	33,601	23,234	20,662
Minority interest in earnings of consolidated subsidiaries, net.....	1,683	8,053	3,005	2,702	1,924
Net earnings.....	<u>\$31,786</u>	<u>\$31,909</u>	<u>\$30,596</u>	<u>\$20,532</u>	<u>\$18,738</u>
Diluted earnings per share.....	<u>\$0.50</u>	<u>\$0.51</u>	<u>\$0.50</u>	<u>\$0.35</u>	<u>\$0.32</u>
Financial Ratios					
Pretax operating margin.....	22.1%	22.0%	19.9%	18.0%	16.2%
Compensation and benefits / net revenues.....	54.8%	57.1%	56.2%	57.8%	57.4%
Effective tax rate.....	38.8%	34.7%	36.4%	35.7%	36.0%

* 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 and 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				
	6/25/2004	3/26/2004	12/31/2003	9/26/2003	6/27/2003
Revenues by Source					
Commissions and principal transactions:					
Equities	\$85,743	\$92,879	\$92,021	\$85,142	\$85,047
International.....	20,562	25,713	21,507	21,951	25,618
High yield.....	12,040	12,217	13,866	9,216	7,897
Convertibles.....	5,449	7,578	6,899	5,146	8,570
Execution.....	8,637	8,570	6,493	6,209	5,946
Bonds Direct.....	10,795	11,152	8,600	8,066	6,038
Other proprietary.....	4,777	634	763	5,585	7,115
Total.....	<u>148,003</u>	<u>158,743</u>	<u>150,149</u>	<u>141,315</u>	<u>146,231</u>
Investment banking.....	83,572	91,372	98,689	42,000	44,716
Asset management fees and investment income from managed funds:					
Asset management fees.....	7,641	10,105	6,690	4,891	3,010
Investment income from managed funds.....	11,186	13,696	5,161	4,813	3,976
Total.....	<u>18,827</u>	<u>23,801</u>	<u>11,851</u>	<u>9,704</u>	<u>6,986</u>
Interest.....	24,445	24,739	26,621	23,582	30,701
Other	2,323	4,439	1,951	5,346	1,575
Total revenues.....	<u>\$277,170</u>	<u>\$303,094</u>	<u>\$289,261</u>	<u>\$221,947</u>	<u>\$230,209</u>

Other Data

Number of trading days	62	59	66	63	63
Average employees.....	1,692	1,612	1,432	1,384	1,364
Common shares outstanding	57,202	56,808	56,702	56,425	55,142
Weighted average shares:					
Basic	57,559	56,298	54,113	53,534	52,608
Diluted.....	63,927	63,078	61,039	59,502	58,077

* 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 and effected as a stock dividend on August 15, 2003.

As of June 25, 2004, stockholders' equity amounted to \$950 million, resulting in a book value of \$16.60 per share.
