



**FOR IMMEDIATE RELEASE**

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**JEFFERIES ANNOUNCES ALL-TIME RECORD QUARTERLY PROFIT  
AND FIFTH CONSECUTIVE ANNUAL RECORD RESULTS**

- **All-time record quarterly earnings of \$35.4 million and \$0.55 EPS for fourth quarter**
- **Record investment banking revenues of \$106 million in fourth quarter and \$353 million for 2004**
- **Record \$1.2 billion in annual revenues and record \$2.06 EPS for 2004**

NEW YORK, January 19, 2005 -- Jefferies Group, Inc. (NYSE: JEF) today announced record annual and fourth quarter financial results for the year and quarter ended December 31, 2004.

Highlights for the fourth quarter ended December 31, 2004:

- Total revenues were up 12% to a record \$325.3 million versus \$289.3 million for the fourth quarter of 2003.
- Net earnings were up 16% to a record \$35.4 million compared to \$30.6 million for the fourth quarter of 2003.
- Earnings per share (diluted) were up 10% to a record \$0.55 compared to \$0.50 for the fourth quarter of 2003.
- Total trading revenues were \$139.1 million versus \$150.0 million for the fourth quarter of 2003.
- Investment banking revenues were a record \$105.7 million versus \$98.7 million for the fourth quarter of 2003.
- Asset management related revenues were up 127% to a record \$27.2 million versus \$12.0 million for the fourth quarter of 2003.

Highlights for the record year ended December 31, 2004:

- Total revenues were a record \$1.2 billion versus \$926.7 million for 2003.
- Net earnings were up 56% to a record \$131.4 million compared to \$84.1 million for 2003.
- Earnings per share (diluted) were up 45% to a record \$2.06 compared to \$1.42 for 2003.
- Total trading revenues were a record \$617.1 million versus \$551.5 million for 2003.
- Investment banking revenues were a record \$352.8 million versus \$229.6 million for 2003.
- Asset management related revenues were up 148% to a record \$81.2 million versus \$32.8 million for 2003.

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"We are proud that the Jefferies' platform continues to grow and diversify, as demonstrated by these record results," said Richard B. Handler, Chairman and Chief Executive Officer of Jefferies. "We remain focused on providing the best products and services to mid-sized and growing companies and their investors."

John C. Shaw, Jr., President of Jefferies, added, "We thank all of our clients, employee partners, and shareholders for their loyal and ongoing support, which has enabled us to continually invest in our platform."

### Conference Call

A conference call with management discussion of financial results for the fourth quarter and year ended December 31, 2004 will be held January 19 at 11:00 AM (Eastern) and can be accessed at 617-801-9714 (code: 28268944). A replay of the call will be available two hours post-call at 617-801-6888 (code: 89201014). A live audio webcast and delayed replay will also be available under "Investor Relations" at [www.jefco.com](http://www.jefco.com). Questions for consideration by management can be submitted in advance through the "Contact Us" function at [www.jefco.com](http://www.jefco.com) or by calling 203-708-5975 by 9:30 AM Eastern on January 19.

### About Jefferies

Jefferies, a global investment bank and institutional securities firm, has served mid-sized and growing companies and their investors for over 40 years. Headquartered in New York, with more than 25 offices around the world, Jefferies provides clients with capital markets and financial advisory services, institutional brokerage, securities research and asset management. The firm is a leading provider of trade execution in equity, high yield, convertible and international securities for institutional investors and high net worth individuals. Jefferies & Company, Inc. is the principal operating subsidiary of Jefferies Group, Inc. (NYSE: JEF; [www.jefco.com](http://www.jefco.com)).

### 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 our operating environment, 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 November 8, 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		Year Ended	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Revenues:				
Commissions .....	\$ 58,513	\$ 64,385	\$ 258,838	\$ 250,191
Principal transactions .....	80,544	85,663	358,213	301,299
Investment banking .....	105,738	98,689	352,804	229,608
Asset management fees and investment income from managed funds .....	27,154	11,952	81,184	32,769
Interest .....	49,318	26,621	134,450	102,403
Other .....	4,006	1,951	13,150	10,446
Total revenues .....	<u>325,273</u>	<u>289,261</u>	<u>1,198,639</u>	<u>926,716</u>
Interest expense .....	47,188	23,557	140,394	97,102
Revenues, net of interest expense .....	<u>278,085</u>	<u>265,704</u>	<u>1,058,245</u>	<u>829,614</u>
Non-interest expenses:				
Compensation and benefits .....	159,696	149,201	595,887	474,709
Floor brokerage and clearing fees .....	13,172	12,599	52,922	48,217
Technology and communications .....	15,923	15,959	64,555	58,581
Occupancy and equipment rental .....	10,247	7,885	39,553	32,534
Business development .....	10,477	8,890	35,006	26,481
Other .....	12,426	18,336	43,333	44,559
Total non-interest expenses .....	<u>221,941</u>	<u>212,870</u>	<u>831,256</u>	<u>685,081</u>
Earnings before income taxes and minority interest .....	56,144	52,834	226,989	144,533
Income taxes .....	19,975	19,233	83,955	52,851
Earnings before minority interest .....	36,169	33,601	143,034	91,682
Minority interest in earnings of consolidated subsidiaries, net .....	773	3,005	11,668	7,631
Net earnings .....	<u>\$ 35,396</u>	<u>\$ 30,596</u>	<u>\$ 131,366</u>	<u>\$ 84,051</u>
Earnings per share:				
Basic .....	<u>\$ 0.61</u>	<u>\$ 0.57</u>	<u>\$ 2.29</u>	<u>\$ 1.58</u>
Diluted .....	<u>\$ 0.55</u>	<u>\$ 0.50</u>	<u>\$ 2.06</u>	<u>\$ 1.42</u>
Weighted average shares:				
Basic .....	58,112	54,113	57,453	53,090
Diluted .....	64,744	61,039	63,908	59,266
Compensation and benefits / net revenues ....	57.4%	56.2%	56.3%	57.2%

\* 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				
	12/31/2004	9/30/2004	6/25/2004	3/26/2004	12/31/2003
<b>Statement of Earnings</b>					
Revenues, net of interest expense.....	\$278,085	\$253,786	\$247,867	\$278,507	\$265,704
Non-interest expenses:					
Compensation and benefits.....	159,696	141,434	135,819	158,938	149,201
Non-personnel expenses.....	62,245	57,402	57,372	58,350	63,669
Earnings before income taxes and minority interest.....	56,144	54,950	54,676	61,219	52,834
Income taxes.....	19,975	21,516	21,207	21,257	19,233
Earnings before minority interest.....	36,169	33,434	33,469	39,962	33,601
Minority interest in earnings of consolidated subsidiaries, net.....	773	1,159	1,683	8,053	3,005
Net earnings.....	<u>\$35,396</u>	<u>\$32,275</u>	<u>\$31,786</u>	<u>\$31,909</u>	<u>\$30,596</u>
Diluted earnings per share.....	<u>\$0.55</u>	<u>\$0.51</u>	<u>\$0.50</u>	<u>\$0.51</u>	<u>\$0.50</u>
<b>Financial Ratios</b>					
Pretax operating margin .....	20.2%	21.7%	22.1%	22.0%	19.9%
Compensation and benefits / net revenues.....	57.4%	55.7%	54.8%	57.1%	56.2%
Effective tax rate .....	35.6%	39.2%	38.8%	34.7%	36.4%

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

	Quarters ended				
	12/31/2004	9/30/2004	6/25/2004	3/26/2004	12/31/2003
<b>Revenues by Source</b>					
Commissions and principal transactions:					
Equities .....	\$89,478	\$112,192	\$88,605	\$92,741	\$92,021
International .....	19,128	19,027	19,901	25,068	21,507
High yield .....	9,829	10,845	11,830	12,380	13,866
Convertibles .....	6,474	5,913	5,449	7,578	6,899
Execution .....	7,350	7,989	8,637	8,570	6,493
Bonds Direct.....	7,472	11,604	10,795	11,152	8,600
Other proprietary .....	(674)	3,462	3,002	1,254	662
Total.....	<u>139,057</u>	<u>171,032</u>	<u>148,219</u>	<u>158,743</u>	<u>150,048</u>
Investment banking.....	105,738	72,122	83,572	91,372	98,689
Asset management fees and investment income from managed funds:					
Asset management fees.....	12,472	7,990	7,641	10,105	6,690
Investment income from managed funds .....	14,682	3,628	10,970	13,696	5,262
Total.....	<u>27,154</u>	<u>11,618</u>	<u>18,611</u>	<u>23,801</u>	<u>11,952</u>
Interest.....	49,318	35,948	24,445	24,739	26,621
Other .....	4,006	2,382	2,323	4,439	1,951
Total revenues.....	<u>\$325,273</u>	<u>\$293,102</u>	<u>\$277,170</u>	<u>\$303,094</u>	<u>\$289,261</u>
<b>Other Data</b>					
Number of trading days.....	64	67	62	59	66
Average employees .....	1,750	1,749	1,692	1,612	1,432
Common shares outstanding .....	57,289	56,872	57,202	56,808	56,702
Weighted average shares:					
Basic .....	58,112	57,833	57,559	56,298	54,113
Diluted.....	64,744	63,867	63,927	63,078	61,039

As of December 31, 2004, stockholders' equity amounted to \$1.0 billion, resulting in a book value of \$18.14 per share.

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