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

**JEFFERIES ANNOUNCES SECOND QUARTER
AND FIRST HALF RESULTS**

NEW YORK, July 19, 2005 -- Jefferies Group, Inc. (NYSE: JEF) today announced quarterly financial results for the quarter ended June 30, 2005.

Highlights for the second quarter ended June 30, 2005:

- Total revenues were up 24% to \$344.2 million versus \$277.2 million for the second quarter of 2004.
- Net earnings were up 11% to \$35.4 million compared to \$31.8 million for the second quarter of 2004.
- Earnings per share (diluted) were up 6% to \$0.53 compared to \$0.50 for the second quarter of 2004.
- Investment banking revenues were up 23% to \$102.5 million versus \$83.6 million for the second quarter of 2004.

Highlights for the first six months ended June 30, 2005:

- Total revenues were up 19% to a record \$688.1 million versus \$580.3 million for the first half of 2004.
- Net earnings were up 13% to a record \$72.1 million compared to \$63.7 million for the first half of 2004.
- Earnings per share (diluted) were up 8% to a record \$1.08 compared to \$1.00 for the first half of 2004.
- Investment banking revenues were up 26% to a record \$220.0 million versus \$174.9 million for the first half of 2004.

"We are pleased with our positive results and, despite a challenging environment, remain committed to expanding our platform as we continue to diversify all of our businesses," said Richard B. Handler, Chief Executive Officer of Jefferies. "Our more than 1,900 employee-partners will continue to tenaciously serve our clients and our shareholders."

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Conference Call

A conference call with management discussion of financial results for the second quarter ended June 30, 2005 will be held July 19 at 9:00 AM (Eastern) and can be accessed at 617-801-9714 (code: 85714055). A replay of the call will be available two hours post-call at 617-801-6888 (code: 69565267). A live audio webcast and delayed replay will also be available under "Investor Relations" at www.jefferies.com. Questions for consideration by management can be submitted in advance through the "Contact Us" function at www.jefferies.com or by calling 203-708-5975 by 8:45 AM Eastern on July 19.

About Jefferies

Jefferies, a global investment bank and institutional securities firm, has served growing and mid-sized 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.jefferies.com).

-- 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 30, 2005	June 25, 2004	June 30, 2005	June 25, 2004
Revenues:				
Commissions	\$ 58,239	\$ 66,002	\$ 127,147	\$ 138,305
Principal transactions	84,774	82,217	157,472	168,657
Investment banking	102,519	83,572	219,961	174,944
Asset management fees and investment income from managed funds	20,434	18,611	41,718	42,412
Interest	71,420	24,445	131,271	49,184
Other	6,777	2,323	10,487	6,762
Total revenues	344,163	277,170	688,056	580,264
Interest expense	67,605	29,303	125,488	53,890
Revenues, net of interest expense	276,558	247,867	562,568	526,374
Non-interest expenses:				
Compensation and benefits	152,003	135,819	313,991	294,757
Floor brokerage and clearing fees	12,096	13,225	24,291	26,980
Technology and communications	17,617	16,194	33,621	32,603
Occupancy and equipment rental	11,083	9,444	21,916	19,056
Business development	9,413	8,930	18,047	17,340
Other	14,036	9,579	28,219	19,743
Total non-interest expenses	216,248	193,191	440,085	410,479
Earnings before income taxes and minority interest	60,310	54,676	122,483	115,895
Income taxes	23,621	21,207	47,066	42,464
Earnings before minority interest	36,689	33,469	75,417	73,431
Minority interest in earnings of consolidated subsidiaries, net	1,252	1,683	3,308	9,736
Net earnings	\$ 35,437	\$ 31,786	\$ 72,109	\$ 63,695
Earnings per share:				
Basic	\$ 0.58	\$ 0.55	\$ 1.18	\$ 1.12
Diluted	\$ 0.53	\$ 0.50	\$ 1.08	\$ 1.00
Weighted average shares:				
Basic	61,468	57,559	61,036	56,939
Diluted	67,422	63,927	66,995	63,508

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

	Quarters ended				
	6/30/2005	3/31/2005	12/31/2004	9/30/2004	6/25/2004
<u>Statement of Earnings</u>					
Revenues, net of interest expense.....	\$276,558	\$286,010	\$278,085	\$253,786	\$247,867
Non-interest expenses:					
Compensation and benefits.....	152,003	161,988	159,696	141,434	135,819
Non-personnel expenses.....	64,245	61,849	62,245	57,402	57,372
Earnings before income taxes and minority interest.....	60,310	62,173	56,144	54,950	54,676
Income taxes.....	23,621	23,445	19,975	21,516	21,207
Earnings before minority interest.....	36,689	38,728	36,169	33,434	33,469
Minority interest in earnings of consolidated subsidiaries, net.....	1,252	2,056	773	1,159	1,683
Net earnings.....	<u>\$35,437</u>	<u>\$36,672</u>	<u>\$35,396</u>	<u>\$32,275</u>	<u>\$31,786</u>
Diluted earnings per share.....	<u>\$0.53</u>	<u>\$0.56</u>	<u>\$0.55</u>	<u>\$0.51</u>	<u>\$0.50</u>
<u>Financial Ratios</u>					
Pretax operating margin	21.8%	21.7%	20.2%	21.7%	22.1%
Compensation and benefits / net revenues.....	55.0%	56.6%	57.4%	55.7%	54.8%
Effective tax rate	39.2%	37.7%	35.6%	39.2%	38.8%

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

	Quarters ended				
	6/30/2005	3/31/2005	12/31/2004	9/30/2004	6/25/2004
Revenues by Source					
Commissions and principal transactions:					
Equities	\$91,917	\$95,067	\$104,596	\$127,764	\$103,658
High yield	14,188	16,650	9,829	10,845	11,830
Convertibles	8,948	8,115	10,484	9,368	10,297
Execution	5,472	7,060	7,350	7,989	8,637
Bonds Direct.....	7,140	7,234	7,472	11,604	10,795
Other proprietary	15,348	7,480	(674)	3,462	3,002
Total.....	<u>143,013</u>	<u>141,606</u>	<u>139,057</u>	<u>171,032</u>	<u>148,219</u>
Investment banking.....	102,519	117,442	105,738	72,122	83,572
Asset management fees and investment income from managed funds:					
Asset management fees.....	13,580	14,909	12,472	7,990	7,641
Investment income from managed funds	6,854	6,375	14,682	3,628	10,970
Total.....	<u>20,434</u>	<u>21,284</u>	<u>27,154</u>	<u>11,618</u>	<u>18,611</u>
Interest.....	71,420	59,851	49,318	35,948	24,445
Other	6,777	3,710	4,006	2,382	2,323
Total revenues.....	<u>\$344,163</u>	<u>\$343,893</u>	<u>\$325,273</u>	<u>\$293,102</u>	<u>\$277,170</u>
Other Data					
Number of trading days.....	64	61	64	67	62
Average employees	1,916	1,817	1,750	1,749	1,692
Common shares outstanding	57,759	58,090	57,289	56,872	57,202
Weighted average shares:					
Basic	61,468	60,570	58,112	57,833	57,559
Diluted	67,422	65,997	64,744	63,867	63,927

As of June 30, 2005, stockholders' equity amounted to \$1.2 billion, resulting in a book value of \$20.27 per share.
