Jefferies

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## JEFFERIES REPORTS FOURTH QUARTER AND 2011 FISCAL YEAR FINANCIAL RESULTS

NEW YORK and LONDON, December 20, 2011 -- Jefferies Group, Inc. (NYSE: JEF) announced today financial results for its fiscal fourth quarter and fiscal year ended November 30, 2011.

Highlights for the three months ended November 30, 2011 (which include a $12 million after-tax gain relating to debt extinguishment treatment of Jefferies debt positions by our broker-dealer's market-making desk, and $2 million in certain expenses, after tax, as a result of the Bache acquisition), versus the three months ended November 30, 2010:

- Net revenues of $554 million ($534 million excluding the above noted accounting items), versus $680 million
- Net income to Common Shareholders of $48 million ($39 million excluding the above noted accounting items), versus $63 million
- Net earnings per common share of $0.21 ($0.17 excluding the above noted accounting items), versus $0.31
- Investment Banking revenues of $261 million, versus $292 million

Highlights for the fiscal year ended November 30, 2011 (which includes after-tax income of $41 million from the Bache acquisition gain net of certain post-acquisition expenses and the $12 million after-tax gain relating to debt extinguishment treatment of Jefferies' debt positions by our broker-dealer's market-making desk), versus the eleven months ended November 30, 2010:

- Net revenues of $2,549 million ($2,476 million excluding the above noted accounting items), versus $2,192 million
- Net income to Common Shareholders of $285 million ($232 million excluding the above noted accounting items), versus $224 million
- Net earnings per common share of $1.28 ($1.04 excluding the above noted accounting items), versus $1.09
- Investment Banking revenues of $1,123 million, versus $890 million

“We are proud of our 3,851 employee-partners who successfully navigated an extremely challenging fourth quarter that included continuing global volatility compounded by a November filled with a barrage of misinformation about Jefferies. Our firm responded by reducing our total balance sheet by nearly one quarter, decreasing our leverage to 9.9x from 12.9x, maintaining the already high quality of our inventory, and delivering solid profitability,“ commented Richard B. Handler, Chairman and Chief Executive Officer of Jefferies.

"Jefferies is better positioned than ever to serve the needs of our clients across the globe. Competitive and legislative forces continue to evolve in ways that favor our client-focused model. We believe we can continue to add significant value and gain further market share serving our clients' needs for advice, capital, liquidity and execution in the capital markets and strategic transactions," said Brian P. Friedman, Chairman of the Executive Committee of Jefferies.

A conference call with management discussion of these financial results will be held today, December 20, 2011, at 9:00 AM Eastern. Investors and securities industry professionals may access the management discussion by calling 877-710-9938 or 702-928-7183. A one-week replay of the call will also be available at 855-859-2056 or 404-537-3406 (conference ID # 29699238). A live audio webcast and delayed replay can also be accessed at Jefferies.com.

Jefferies Group, Inc. (NYSE: JEF) is the global investment banking firm focused on serving clients for nearly 50 years. The firm is a leader in providing insight, expertise and execution to investors, companies and governments, and provides a full range of investment banking, sales, trading, research and strategy across the spectrum of equities, fixed income and commodities, as well as offers select asset and wealth management strategies, in the U.S., Europe and Asia.

For further information, please contact:

Peregrine C. Broadbent
Chief Financial Officer
Jefferies Group, Inc.
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-- financial tables follow --

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

| | Three Months Ended (14) | | Twelve Months Ended | Eleven Months Ended (14) |
|---|---|---|---|---|
| | Nov 30, 2011 | Nov 30, 2010 | Nov 30, 2011 | Nov 30, 2010 |
| Revenues: | | | | |
| Commissions | $ 130,619 | $ 118,719 | $ 534,726 | $ 466,246 |
| Principal transactions | 36,571 | 191,385 | 428,035 | 509,070 |
| Investment banking | 261,298 | 291,884 | 1,122,528 | 890,334 |
| Asset management fees and investment income from managed funds | 6,623 | 4,981 | 44,125 | 16,785 |
| Interest | 317,485 | 226,769 | 1,248,132 | 852,494 |
| Other | 46,144 | 18,175 | 152,092 | 62,417 |
| Total revenues | 798,740 | 851,913 | 3,529,638 | 2,797,346 |
| Interest expense | 244,757 | 172,101 | 980,825 | 605,096 |
| Net revenues | 553,983 | 679,812 | 2,548,813 | 2,192,250 |
| Interest on mandatorily redeemable preferred interest of consolidated subsidiaries | (2,561) | 14,942 | 3,622 | 14,916 |
| Net revenues, less mandatorily redeemable preferred interest | 556,544 | 664,870 | 2,545,191 | 2,177,334 |
| Non-interest expenses: | | | | |
| Compensation and benefits | 308,137 | 405,440 | 1,482,604 | 1,282,644 |
| Floor brokerage and clearing fees | 33,837 | 26,636 | 126,313 | 110,835 |
| Technology and communications | 62,377 | 46,797 | 215,940 | 160,987 |
| Occupancy and equipment rental | 23,954 | 18,636 | 84,951 | 68,085 |
| Business development | 29,397 | 19,610 | 93,645 | 62,015 |
| Professional services | 17,868 | 14,378 | 66,305 | 49,080 |
| Other | 10,294 | 9,795 | 56,099 | 47,017 |
| Total non-interest expenses | 485,864 | 541,292 | 2,125,857 | 1,780,663 |
| Earnings before income taxes | 70,680 | 123,578 | 419,334 | 396,671 |
| Income tax expense | 25,066 | 46,126 | 132,966 | 156,404 |
| Net earnings | 45,614 | 77,452 | 286,368 | 240,267 |
| Net (loss) earnings to noncontrolling interests | (2,772) | 14,735 | 1,750 | 16,601 |
| Net earnings to common shareholders | $ 48,386 | $ 62,717 | $ 284,618 | $ 223,666 |
| Earnings per common share: | | | | |
| Basic | $ 0.21 | $ 0.31 | $ 1.28 | $ 1.10 |
| Diluted | $ 0.21 | $ 0.31 | $ 1.28 | $ 1.09 |
| Weighted average common shares: | | | | |
| Basic | 215,628 | 194,901 | 211,056 | 196,393 |
| Diluted | 215,629 | 199,017 | 215,171 | 200,511 |
| Effective tax rate | 35% | 37% | 32% | 39% |

**Jefferies Group, Inc. And Subsidiaries**
**Selected Statistical Information**
**(Amounts in Thousands, Except Per Share Amounts)**
**(Unaudited)**

| | Quarters Ended [14] | | | | | |
|---|---|---|---|---|---|---|
| | **11/30/2011** | **8/31/2011** | **5/31/2011** | **2/28/2011** | **11/30/2010** | **8/31/2010** |
| **Statement of Earnings** | | | | | | |
| Net revenues, less mandatorily redeemable preferred interest | $ 556,544 | $ 523,953 | $ 722,750 | $ 741,944 | $ 664,870 | $ 519,806 |
| Non-interest expenses: | | | | | | |
| Compensation and benefits | 308,137 | 299,640 | 431,936 | 442,892 | 405,440 | 308,797 |
| Non-compensation expenses | 177,727 | 169,075 | 160,330 | 136,121 | 135,852 | 134,511 |
| Earnings before income taxes | 70,680 | 55,238 | 130,484 | 162,931 | 123,578 | 76,498 |
| Income tax expense | 25,066 | 1,228 | 45,784 | 60,886 | 46,126 | 33,873 |
| Net earnings | 45,614 | 54,010 | 84,700 | 102,045 | 77,452 | 42,625 |
| Net (loss) earnings to noncontrolling interests | (2,772) | (14,265) | 4,084 | 14,704 | 14,735 | (2,129) |
| Net earnings to common shareholders | $ 48,386 | $ 68,275 | $ 80,616 | $ 87,341 | $ 62,717 | $ 44,754 |
| Diluted earnings per common share | $ 0.21 | $ 0.30 | $ 0.36 | $ 0.42 | $ 0.31 | $ 0.22 |
| **Financial Ratios** | | | | | | |
| Pretax operating margin | 13% | 11% | 18% | 22% | 19% | 15% |
| Compensation and benefits / Net revenues | 56% | 59% | 59% | 58% | 60% | 60% |
| Effective tax rate | 35% | 2% | 35% | 37% | 37% | 44% |

**Jefferies Group, Inc. And Subsidiaries**
**Selected Statistical Information**
**(Amounts in Thousands, Except Per Share Amounts)**
**(Unaudited)**

| | Quarters Ended (14) | | | | | |
|---|---|---|---|---|---|---|
| | **11/30/2011** | **8/31/2011** | **5/31/2011** | **2/28/2011** | **11/30/2010** | **8/31/2010** |
| **Revenues by Source** | | | | | | |
| Equities | $ 124,305 | $ 126,850 | $ 165,076 | $ 177,358 | $ 155,071 | $ 109,280 |
| Fixed Income | 140,651 | 33,087 | 223,121 | 318,097 | 227,876 | 161,010 |
| Other | 21,106 | 52,509 | - | - | - | - |
| Total | 286,062 | 212,446 | 388,197 | 495,455 | 382,947 | 270,290 |
| Equity | 26,936 | 58,629 | 52,039 | 49,684 | 48,369 | 19,151 |
| Debt | 62,090 | 128,058 | 131,806 | 62,967 | 86,814 | 77,564 |
| Capital markets | 89,026 | 186,687 | 183,845 | 112,651 | 135,183 | 96,715 |
| Advisory | 172,272 | 107,063 | 144,576 | 126,408 | 156,701 | 149,478 |
| Investment banking | 261,298 | 293,750 | 328,421 | 239,059 | 291,884 | 246,193 |
| Asset management fees and investment (loss)/income from managed funds: | | | | | | |
| Asset management fees | 9,162 | 3,127 | 5,019 | 16,117 | 6,083 | 3,996 |
| Investment (loss) / income from managed funds | (2,539) | (41) | 5,528 | 7,751 | (1,102) | (3,210) |
| Total | 6,623 | 3,086 | 10,547 | 23,868 | 4,981 | 786 |
| **Net revenues** | **553,983** | **509,282** | **727,165** | **758,382** | **679,812** | **517,269** |
| Interest on mandatorily redeemable preferred interest of consolidated subsidiaries | (2,561) | (14,671) | 4,415 | 16,438 | 14,942 | (2,537) |
| **Net revenues, less mandatorily redeemable preferred interest** | **$ 556,544** | **$ 523,953** | **$ 722,750** | **$ 741,944** | **$ 664,870** | **$ 519,806** |
| **Other Data** | | | | | | |
| Number of trading days | 63 | 65 | 64 | 61 | 63 | 65 |
| Full time employees (end of period) | 3,898 | 3,842 | 3,222 | 3,082 | 3,084 | 2,971 |
| Common shares outstanding | 197,160 | 200,314 | 202,154 | 177,068 | 171,694 | 171,241 |
| Weighted average common shares: | | | | | | |
| Basic | 215,628 | 218,426 | 210,751 | 199,141 | 194,901 | 195,601 |
| Diluted | 215,629 | 222,541 | 214,870 | 203,257 | 199,017 | 195,612 |

**JEFFERIES GROUP, INC. AND SUBSIDIARIES**
**COMMON SHARES OUTSTANDING AND COMMON SHARES FOR BASIC AND DILUTED EPS CALCULATIONS**
**(Amounts in Thousands)**
**(Unaudited)**

| | November 30, 2011 |
|---|---|
| **Common shares outstanding** | 197,160 |
| Outstanding restricted stock units | 23,962 |
| **Adjusted shares outstanding** | 221,122 |

*Note - All share information below for EPS purposes is based upon weighted-average balances for the applicable period.*

| | | Three Months Ended November 30, 2011 | Twelve Months Ended November 30, 2011 |
|---|---|---|---|
| Shares outstanding (weighted average) | (1) | 199,716 | 192,189 |
| Unearned restricted stock | (2) | (6,761) | (6,232) |
| Earned restricted stock units | (3) | 19,684 | 21,813 |
| Other issuable shares | (4) | 2,989 | 3,286 |
| **Common Shares for Basic EPS** | | **215,628** | **211,056** |
| Stock options | (5) | 1 | 7 |
| Mandatorily redeemable convertible preferred stock | (6) | - | 4,108 |
| Convertible debt | (7) | - | - |
| **Common Shares for Diluted EPS** | | **215,629** | **215,171** |

(1) Shares outstanding represents shares issued less shares repurchased in treasury stock. Shares issued includes public and private offerings, earned and unearned restricted stock, distributions related to restricted stock units, deferred compensation plans, employee stock purchase plan and stock option exercises. Shares issued does not include undistributed earned and unearned restricted stock units.

(2) As certain restricted stock is contingent upon a future service condition, unearned shares are removed from shares outstanding in the calculation of basic EPS as Jefferies' obligation to issue these shares remains contingent.

(3) As earned restricted stock units are no longer contingent upon a future service condition and are issuable upon a certain date in the future, earned restricted stock units are added to shares outstanding in the calculation of basic EPS.

(4) Other shares issuable include shares issuable to settle previously granted restricted stock awards and shares issuable under certain deferred compensation plans.

(5) Calculated under the treasury stock method. The treasury stock method assumes the issuance of only a net incremental number of shares as proceeds from issuance are assumed to be used to repurchase shares at the average stock price for the period.

(6) Calculated under the if-converted method. The if-converted method assumes the conversion of convertible securities at the beginning of the period. The conversion of our mandatorily redeemable convertible preferred stock is considered anti-dilutive to our three month EPS results and not included in Diluted EPS shares. If dilutive, the conversion would result in 4,110,128 shares for the three month EPS results.

(7) Represents the potential common shares issuable under the conversion spread (the excess conversion value over the accreted debt value) based on the average stock price for the period.

**Jefferies Group, Inc. And Subsidiaries**
**Financial Highlights**
**(Amounts in Thousands, Except Per Share Amounts)**
**(Unaudited)**

| | Quarters Ended (14) | | | | | |
|---|---|---|---|---|---|---|
| | 11/30/2011 | 8/31/2011 | 5/31/2011 | 2/28/2011 | 11/30/2010 | 8/31/2010 |
| Net earnings to common shareholders | $ 48,386 | $ 68,275 | $ 80,616 | $ 87,341 | $ 62,717 | $ 44,754 |
| Basic EPS (1) | $ 0.21 | $ 0.30 | $ 0.36 | $ 0.42 | $ 0.31 | $ 0.22 |
| Diluted EPS (1) | $ 0.21 | $ 0.30 | $ 0.36 | $ 0.42 | $ 0.31 | $ 0.22 |
| Effective tax rate | 35% | 2% | 35% | 37% | 37% | 44% |
| Total assets (in millions) (2) | $ 34,952 | $ 45,125 | $ 40,967 | $ 40,428 | $ 36,727 | $ 32,672 |
| Average total assets for quarter (in millions) (2) | $ 50,087 | $ 51,992 | $ 47,207 | $ 42,598 | $ 40,184 | $ 36,475 |
| Cash and cash equivalents (in millions) | $ 2,394 | $ 2,015 | $ 2,499 | $ 1,164 | $ 2,189 | $ 2,090 |
| Level 3 assets (in millions) (2) (3) | $ 474 | $ 636 | $ 725 | $ 612 | $ 572 | $ 486 |
| Level 3 assets (in millions) with economic exposure (2)(4) | $ 428 | $ 567 | $ 533 | $ 402 | $ 368 | $ 370 |
| Level 3 assets - % total assets (2) | 1.4% | 1.4% | 1.8% | 1.5% | 1.6% | 1.5% |
| Level 3 assets - % total financial instruments owned (2) | 2.8% | 3.5% | 4.1% | 3.4% | 3.6% | 3.4% |
| Level 3 assets with economic exposure - % total financial instruments owned (2)(4) | 2.6% | 3.1% | 3.0% | 2.2% | 2.3% | 2.6% |
| Level 3 assets with economic exposure - % common stockholders' equity (2) | 13.3% | 17.9% | 16.8% | 15.6% | 14.9% | 15.9% |
| Total common stockholders' equity (in millions) | $ 3,224 | $ 3,175 | $ 3,165 | $ 2,578 | $ 2,478 | $ 2,326 |
| Adjusted common stockholders' equity (in millions) (5) | $ 3,424 | $ 3,360 | $ 3,347 | $ 2,737 | $ 2,639 | $ 2,469 |
| Common book value per share (6) | $ 16.35 | $ 15.85 | $ 15.66 | $ 14.56 | $ 14.43 | $ 13.58 |
| Adjusted book value per share (7) | $ 15.48 | $ 14.90 | $ 14.70 | $ 13.35 | $ 13.17 | $ 12.36 |
| Tangible common book value per share (8) | $ 14.40 | $ 13.91 | $ 13.83 | $ 12.47 | $ 12.29 | $ 11.44 |
| Adjusted tangible book value per share (7) | $ 13.74 | $ 13.18 | $ 13.07 | $ 11.55 | $ 11.33 | $ 10.52 |
| Total capital (in millions) (9) | $ 8,226 | $ 8,206 | $ 8,223 | $ 7,164 | $ 7,031 | $ 6,344 |
| Leverage ratio (2) (10) | 9.9 | 12.9 | 11.7 | 13.8 | 13.1 | 12.4 |
| Adjusted leverage ratio (2) (11) | 9.4 | 11.9 | 12.5 | 14.4 | 13.2 | 12.2 |
| Average firmwide VaR (in millions) (12) | $ 9.47 | $ 10.48 | $ 12.68 | $ 10.51 | $ 6.45 | $ 8.64 |
| Common shares outstanding | 197,160 | 200,314 | 202,154 | 177,068 | 171,694 | 171,241 |
| Adjusted shares outstanding (13) | 221,122 | 225,453 | 227,720 | 205,046 | 200,429 | 199,867 |
| Share issued during quarter | 2,072 | 1,824 | 25,376 | 7,084 | 1,888 | 372 |
| Shares purchased during the quarter | 5,135 | 3,145 | 158 | 1,482 | 1,082 | 525 |
| Number of employees | 3,898 | 3,842 | 3,222 | 3,082 | 3,084 | 2,971 |

**Footnotes [14]**

(1) The following details the calculation of basic and diluted earnings per share as included in our quarterly and annual reports.

| | Quarters Ended | | | | | |
|---|---|---|---|---|---|---|
| | 11/30/2011 | 8/31/2011 | 5/31/2011 | 2/28/2011 | 11/30/2010 | 8/31/2010 |
| **Earnings for basic earnings per common share:** | | | | | | |
| Net earnings | $ 45,614 | $ 54,010 | $ 84,700 | $ 102,045 | $ 77,452 | $ 42,625 |
| Net (loss) earnings to noncontrolling interests | (2,772) | (14,265) | 4,084 | 14,704 | 14,735 | (2,129) |
| Net earnings to common shareholders | 48,386 | 68,275 | 80,616 | 87,341 | 62,717 | 44,754 |
| Less: Allocation of earnings to participating securities (A) | 2,560 | 3,410 | 3,756 | 3,925 | 2,650 | 1,674 |
| Net earnings available to common shareholders | $ 45,826 | $ 64,865 | $ 76,860 | $ 83,416 | $ 60,067 | $ 43,080 |
| **Earnings for diluted earnings per common share:** | | | | | | |
| Net earnings | $ 45,614 | $ 54,010 | $ 84,700 | $ 102,045 | $ 77,452 | $ 42,625 |
| Net (loss) earnings to noncontrolling interests | (2,772) | (14,265) | 4,084 | 14,704 | 14,735 | (2,129) |
| Net earnings to common shareholders | 48,386 | 68,275 | 80,616 | 87,341 | 62,717 | 44,754 |
| Add: Convertible preferred stock dividends (B) | - | 1,016 | 1,016 | 1,016 | 1,016 | - |
| Less: Allocation of earnings to participating securities (A) | 2,560 | 3,415 | 3,748 | 3,907 | 2,653 | 1,674 |
| Net earnings available to common shareholders | $ 45,826 | $ 65,876 | $ 77,884 | $ 84,450 | $ 61,080 | $ 43,080 |
| **Weighted Average Common Shares:** | | | | | | |
| Basic | 215,628 | 218,426 | 210,751 | 199,141 | 194,901 | 195,601 |
| Diluted | 215,629 | 222,541 | 214,870 | 203,257 | 199,017 | 195,612 |
| **Earnings per common share:** | | | | | | |
| Basic | $ 0.21 | $ 0.30 | $ 0.36 | $ 0.42 | $ 0.31 | $ 0.22 |
| Diluted | $ 0.21 | $ 0.30 | $ 0.36 | $ 0.42 | $ 0.31 | $ 0.22 |

(A) Represents dividends declared during the period on participating securities plus an allocation of undistributed earnings to participating securities. Losses are not allocated to participating securities. Participating securities represent restricted stock and restricted stock units for which requisite service has not yet been rendered and amounted to weighted average shares of 11,755,000, 11,239,000, 10,260,000, 9,403,000, 8,599,000 and 7,661,000 for the three months ended November 30, 2011, August 31, 2011, May 31, 2011, February 28, 2011, November 30, 2010 and August 31, 2010, respectively. Dividends declared on participating securities during the three months ended November 30, 2011, August 31, 2011, May 31, 2011, February 28, 2011, November, 30, 2010 and August 31, 2010 amounted to approximately $959,000, $934,000, $794,000, $686,000, $632,000 and $559,000, respectively. Undistributed earnings are allocated to participating securities based upon their right to share in earnings if all earnings for the period had been distributed.

(B) The conversion of our mandatorily redeemable convertible preferred stock was considered anti-dilutive for our three-months ended November 30, 2011 and August 31, 2010.

(2) This amount represents a preliminary estimate as of the date of this earnings release and may be revised in our Annual Report on Form 10-K for the year ended November 30, 2011.

(3) Level 3 assets represent those financial instruments classified as such under ASC 820, accounted for at fair value and included within Financial instruments owned. Level 3 assets for which we bear no economic exposure were $46.0 million at November 30, 2011, which is reflective of the portion of our Level 3 assets that are financed by nonrecourse secured financing or attributable to third party or employee noncontrolling interests in certain consolidated entities.

(4) Level 3 assets with economic exposure represents Level 3 assets adjusted for Level 3 assets that are financed by nonrecourse secured financing or attributable to third party or employee noncontrolling interests in certain consolidated entities.

(5) Adjusted common stockholders' equity (non-GAAP financial measure) represents total common stockholders' equity plus the unrecognized compensation cost related to nonvested share based awards, i.e. granted restricted stock and restricted stock units which contain future service requirements. As of November 30, 2011, unrecognized compensation cost related to nonvested share based awards was $199.3 million. We believe that adjusted common stockholders' equity is a meaningful measure as it reflects the current capital outstanding to stockholders, including employee common shareholders, that would be required to be paid out in liquidation.

(6) Common book value per share equals total common stockholders' equity divided by common shares outstanding.

(7) Adjusted book value per share (non-GAAP financial measure) equals adjusted common stockholders' equity divided by adjusted shares outstanding. Adjusted tangible book value per share (non-GAAP financial measure) equals adjusted common stockholders' equity less goodwill and identifiable intangible assets divided by adjusted common shares outstanding. As of November 30, 2011, goodwill and identifiable intangible assets equals $385.6 million. Previous quarters have been conformed to reflect this calculation. We believe these are meaningful measures as investors often incorporate the dilutive effects of outstanding capital in their valuations.

(8) Tangible common book value per share (non-GAAP financial measure) equals tangible common stockholders' equity divided by common shares outstanding. As of November 30, 2011, tangible common stockholders' equity equals total common stockholders' equity of $3,224.3 million less goodwill and identifiable intangible assets of $385.6 million. We believe that tangible common book value per share and tangible common stockholders' equity is meaningful as a valuation of financial companies are often measured as a multiple of tangible common stockholders' equity making these ratios meaningful for investors.

(9) Total capital includes our long-term debt, mandatorily redeemable convertible preferred stock, mandatorily redeemable preferred interest of consolidated subsidiaries and total stockholders' equity. Long-term debt included in total capitalization at November 30, 2011 is reduced by the amount of debt maturing in less than one year.

(10) Leverage ratio equals total assets divided by total stockholders' equity.

(11) Adjusted leverage ratio (non-GAAP financial measure) equals adjusted assets divided by tangible stockholders' equity. Adjusted assets (non-GAAP financial measure) equals total assets less securities borrowed, securities purchased under agreements to resell, cash and securities segregated, goodwill and identifiable intangibles plus financial instruments sold, not yet purchased (net of derivative liabilities). As of November 30, 2011, adjusted assets were $29,515.0 million. We believe that adjusted assets is a meaningful measure as it excludes certain assets that are considered of lower risk as they are generally self-financed by customer liabilities through our securities lending activities.

(12) VaR is the potential loss in value of our trading positions due to adverse market movements over a one-day time horizon with a 95% confidence level. For a further discussion of the calculation of VaR, see "Value at Risk" in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Transition Report on Form 10-K for the eleven months ended November 30, 2010.

(13) Adjusted shares outstanding equals common shares outstanding plus outstanding restricted stock units.

(14) As indicated in our Transition Report on Form 10-K for the eleven months ended November 30, 2010, we made correcting adjustments to our historical financial statements for the 2010 quarters. For additional information on these adjustments, see Note 1, Organization and Basis of Presentation, and Note 23, Selected Quarterly Financial Data (Unaudited), of the Consolidated Financial Statements of our Transition Report on Form 10-K for the eleven months ended November 30, 2010.

## JEFFERIES GROUP, INC. AND SUBSIDIARIES
## SELECTED FINANCIAL INFORMATION
**(Amounts in Thousands, Except Per Share Amounts)**
**(Unaudited)**

| | Three Months Ended Nov 30, 2011 | Debt Accounting Gain and Certain Bache Items | Three Months Ended (Excluding Debt Accounting Gain and Certain Bache Items) Nov 30, 2011 | Twelve Months Ended Nov 30, 2011 | Debt Accounting Gain and Certain Bache Items | Twelve Months Ended (Excluding Debt Accounting Gain and Certain Bache Items) Nov 30, 2011 |
|---|---|---|---|---|---|---|
| Net revenues | $ 553,983 | $ 20,175 (A) | $ 533,808 | $ 2,548,813 | $ 72,684 (G) | $ 2,476,129 |
| Compensation and benefits | 308,137 | 2,721 (B) | 305,416 | 1,482,604 | 11,785 (H) | 1,470,819 |
| Noncompensation expenses | 177,727 | 704 (C) | 177,023 | 643,253 | 7,826 (I) | 635,427 |
| Total non-interest expenses | 485,864 | 3,425 | 482,439 | 2,125,857 | 19,611 | 2,106,246 |
| Earnings before income taxes | 70,680 | 16,750 | 53,930 | 419,334 | 53,073 | 366,261 |
| Income tax expense | 25,066 | 6,985 (D) | 18,081 | 132,966 | 235 (D) | 132,731 |
| Net earnings | 45,614 | 9,765 | 35,849 | 286,368 | 52,838 | 233,530 |
| Net earnings to common shareholders | $ 48,386 | $ 9,765 | 38,621 | $ 284,618 | $ 52,838 | $ 231,780 |
| Earnings per common share: | | | | | | |
| Basic | $ 0.21 | $ 0.04 (E) | $ 0.17 (F) | $ 1.28 | $ 0.23 (E) | $ 1.04 (F) |
| Diluted | $ 0.21 | $ 0.04 (E) | $ 0.17 (F) | $ 1.28 | $ 0.23 (E) | $ 1.04 (F) |
| Compensation and benefits/Net revenues | 55.6% | | 57.2% | 58.2% | | 59.4% |
| Effective tax rate | 35.5% | | 33.5% | 31.7% | | 36.2% |

The adjustments to selected financial information presented above and the presentation of the selected financial information for the three and twelve months ended November 30, 2011 excluding the effects of a debt accounting gain and certain items identified and recognized in connection with the acquisition of the Global Commodities Group (the "Bache entities") from Prudential Financial, Inc. ("Prudential") on July 1, 2011 are "non-GAAP financial measures." We believe this presentation provides meaningful information to shareholders as it provides comparability in our results of operations for the three and twelve months ended November 30, 2011 with the results of prior periods.

**FOOTNOTES TO SELECTED FINANCIAL INFORMATION**

(A) In accordance with Debt Extinguishment Accounting under ASC 405 and 470, we recorded a gain on debt extinguishment of $20.2 million in Other revenues relating to trading activities in our own long term debt, specifically our 5.125% Senior Notes due 2018 and our 3.875% Convertible Senior Debentures due 2029.

(B) Reflects compensation expense related to the amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities.

(C) Reflects the amortization of intangible assets recognized in connection with the acquisition of the Bache entities.

(D) Reflects the net tax expense on the debt accounting gain and Bache related expense items taxed at the total domestic marginal tax rate of 41.7%. The bargain purchase gain of $52.5 million on the acquisition of the Global Commodities Group recognized in the three months ended August 31, 2011, is not a taxable item.

(E) Basic and diluted earnings per share attributed to certain revenue and expense items pertaining to the gain on debt extinguishment and the acquisition of the Bache entities were calculated using weighted average common shares of 215,628 and 215,629, respectively, for the three months ended November 30, 2011 and weighted average common shares of 211,056 and 211,063, respectively, for the twelve months ended November 30, 2011. The conversion of our mandatorily redeemable convertible preferred stock was considered anti-dilutive for purposes of these calculations.

(F) Basic and diluted earnings per share excluding certain revenue and expense items pertaining to the gain on debt extinguishment and the acquisition of the Bache entities were calculated using weighted average common shares of 215,628 and 215,629, respectively, for the three months ended November 30, 2011 and weighted average common shares of 211,056 and 215,171, respectively, for the twelve months ended November 30, 2011. The conversion of our mandatorily redeemable convertible preferred stock was considered anti-dilutive for purposes of the fourth quarter 2011 calculation.

(G) Includes a gain on debt extinguishment of $20.2 million in the fourth quarter of 2011 and a bargain purchase gain of $52.5 million resulting from the acquisition of the Global Commodities Group from Prudential recorded in Other revenues in the third quarter of 2011.

(H) Includes compensation expense recognized in connection with the acquisition of the Global Commodities Group related to 1) severance costs for certain employees of the acquired Bache entities that were terminated subsequent to the acquisition, 2) the amortization of stock awards granted to former Bache employees as replacement awards for previous Prudential stock awards that were forfeited in the acquisition, 3) bonus costs for employees as a result of the completion of the acquisition and 4) the amortization of retention awards.

(I) Includes the amortization of intangible assets of $0.7 million recognized during the three months ended November 30, 2011 in connection with the acquisition of the Bache entities as well as expenses (primarily professional fees) totaling $7.1 million related to the acquistion and/or integration of the Bache entities within the Jefferies Group, Inc. recorded during the nine months ended August 31, 2011.