



**FOR IMMEDIATE RELEASE**

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**JEFFERIES ANNOUNCES ALL-TIME RECORD QUARTERLY  
NET REVENUES, NET EARNINGS AND EARNINGS PER SHARE**

**Record net revenues of \$419 million  
Record net earnings of \$62 million  
Record earnings per share of \$0.42**

NEW YORK, April 17, 2007 -- Jefferies Group, Inc. (NYSE: JEF) today announced financial results for the first quarter ended March 31, 2007.

Highlights for the record first quarter ended March 31, 2007:

- Net revenues were a record \$418.8 million, compared to \$415.4 million for the first quarter of 2006.
- Net earnings were a record \$62.3 million, compared to \$58.4 million for the first quarter of 2006.
- Earnings per share (diluted) were a record \$0.42, compared to \$0.41 for the first quarter of 2006.
- Investment banking revenues were a record \$170.1 million compared to \$127.7 million for the first quarter of 2006.

"This was the strongest investment banking quarter in Jefferies' history and our second best overall trading quarter ever. I'd like to thank all of our clients and employee-partners for their confidence and dedication," commented Richard B. Handler, Chairman and Chief Executive Officer of Jefferies.

"We are very pleased to have delivered solid sequential growth during this past quarter and, more importantly, to have exceeded the exceptional results of last year's first quarter," added Brian P. Friedman, Chairman, Executive Committee of Jefferies.

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## Conference Call

A conference call with management discussion of financial results for the first quarter ended March 31, 2007 will be held April 17 at 9:00 AM Eastern and can be accessed at (706) 634-9290. A replay of the call will be available approximately two hours post-call at (402) 977-9140 (reservation number: 21335503). A live audio webcast and delayed replay will also be available under "Investor Relations" at [www.jefferies.com](http://www.jefferies.com). Questions for consideration by management can be submitted in advance through the "Contact Us" function at [www.jefferies.com](http://www.jefferies.com) or by calling 203-708-5975 by 8:30 AM Eastern on April 17.

## About Jefferies

Jefferies, a global investment bank and institutional securities firm, has served growing and mid-sized companies and their investors for 45 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](http://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	
	March 31, 2007	March 31, 2006
Revenues:		
Commissions	\$ 77,032	\$ 69,002
Principal transactions	144,449	159,980
Investment banking	170,115	127,734
Asset management fees and investment income from managed funds	22,485	40,822
Interest	201,162	113,760
Other	8,041	12,779
Total revenues	<u>623,284</u>	<u>524,077</u>
Interest expense	<u>204,475</u>	<u>108,663</u>
Revenues, net of interest expense	<u>418,809</u>	<u>415,414</u>
Non-interest expenses:		
Compensation and benefits	227,666	232,734
Floor brokerage and clearing fees	14,582	13,933
Technology and communications	22,157	19,245
Occupancy and equipment rental	18,171	15,172
Business development	13,109	12,603
Other	19,631	24,320
Total non-interest expenses	<u>315,316</u>	<u>318,007</u>
Earnings before income taxes, minority interest and cumulative effect of change in accounting principle	103,493	97,407
Income taxes	<u>40,658</u>	<u>38,432</u>
Earnings before minority interest and cumulative effect of change in accounting principle	62,835	58,975
Minority interest in earnings of consolidated subsidiaries, net	<u>576</u>	<u>2,134</u>
Earnings before cumulative effect of change in accounting principle, net	62,259	56,841
Cumulative effect of change in accounting principle	<u>—</u>	<u>1,606</u>
Net earnings	<u>\$ 62,259</u>	<u>\$ 58,447</u>
Earnings per share:		
Basic-		
Earnings before cumulative effect of change in accounting principle, net	\$ 0.44	\$ 0.44
Cumulative effect of change in accounting principle	<u>—</u>	<u>0.01</u>
Net earnings	<u>\$ 0.44</u>	<u>\$ 0.45</u>
Diluted-		
Earnings before cumulative effect of change in accounting principle, net	\$ 0.42	\$ 0.40
Cumulative effect of change in accounting principle	<u>—</u>	<u>0.01</u>
Net earnings	<u>\$ 0.42</u>	<u>\$ 0.41</u>
Weighted average shares:		
Basic	140,897	130,358
Diluted	152,058	142,942
Effective Tax Rate	39.3%	39.5%

\* All share and per share information has been restated to retroactively reflect the effect of the two-for-one stock split effected as a stock dividend on May 15, 2006.

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

	Quarters ended					
	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006	12/31/2005
<b>Statement of Earnings</b>						
Revenues, net of interest expense	\$418,809	\$374,235	\$340,610	\$327,343	\$415,414	\$342,852
Non-interest expenses:						
Compensation and benefits	227,666	197,425	184,421	176,675	232,734	188,933
Non-personnel expenses	87,650	82,615	79,852	69,953	85,273	75,532
Earnings before income taxes, minority interest and cumulative effect of change in accounting principle	103,493	94,195	76,337	80,715	97,407	78,387
Income taxes	40,658	38,018	29,734	31,357	38,432	30,880
Earnings before minority interest and cumulative effect of change in accounting principle	62,835	56,177	46,603	49,358	58,975	47,507
Minority interest in earnings of consolidated subsidiaries, net	576	394	663	3,778	2,134	768
Earnings before cumulative effect of change in accounting principle	62,259	55,783	45,940	45,580	56,841	46,739
Cumulative effect of change in accounting principle	—	—	—	—	1,606	—
Net earnings	\$62,259	\$55,783	\$45,940	\$45,580	\$58,447	\$46,739
Diluted earnings per share	\$0.42	\$0.38	\$0.32	\$0.32	\$0.41	\$0.34
<b>Financial Ratios</b>						
Pretax operating margin	24.7%	25.2%	22.4%	24.7%	23.4%	22.9%
Compensation and benefits / net revenues	54.4%	52.8%	54.1%	54.0%	56.0%	55.1%
Effective tax rate	39.3%	40.4%	39.0%	38.8%	39.5%	39.4%

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

	Quarters ended					
	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006	12/31/2005
<b>Revenues by Source</b>						
Equities	\$173,057	\$151,974	\$112,635	\$101,173	\$173,109	\$111,806
Fixed Income & Commodities	56,465	42,942	62,059	71,636	68,652	42,448
<b>Total</b>	<b>229,522</b>	<b>194,916</b>	<b>174,694</b>	<b>172,809</b>	<b>241,761</b>	<b>154,254</b>
Investment banking	170,115	145,167	144,763	122,932	127,734	167,497
Asset management fees and investment income from managed funds:						
Asset management fees	9,451	14,190	6,345	8,918	26,009	8,215
Investment income from managed funds	13,034	15,228	10,438	13,609	14,813	10,452
<b>Total</b>	<b>22,485</b>	<b>29,418</b>	<b>16,783</b>	<b>22,527</b>	<b>40,822</b>	<b>18,667</b>
Interest	201,162	143,847	132,424	138,851	113,760	91,315
<b>Total revenues</b>	<b>\$623,284</b>	<b>\$513,348</b>	<b>\$468,664</b>	<b>\$457,119</b>	<b>\$524,077</b>	<b>\$431,733</b>
<b>Other Data</b>						
Number of trading days	61	63	63	63	62	63
Average employees	2,265	2,239	2,212	2,078	2,030	2,013
Common shares outstanding	124,238	119,547	118,876	118,540	118,502	116,221
Weighted average shares:						
Basic	140,897	136,438	135,140	133,621	130,358	125,971
Diluted	152,058	150,599	148,908	147,605	142,942	137,959

As of March 31, 2007, stockholders' equity amounted to \$1.7 billion, resulting in book value of \$13.60 per share.

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