



FOR IMMEDIATE RELEASE

JEFFERIES ANNOUNCES THIRD QUARTER FINANCIAL RESULTS

NEW YORK, October 21, 2008 -- Jefferies Group, Inc. (NYSE: JEF) today announced financial results for the third quarter ended September 30, 2008.

Highlights for the third quarter ended September 30, 2008:

- Net revenues were \$274.6 million.
- The net loss for the third quarter of 2008 was \$(31.3) million.
- The net loss per share (diluted) was \$(0.18).
- The net loss includes approximately \$11 million, or \$(0.06) per share, relating to amounts owed Jefferies by Lehman Brothers.

“With unprecedented market challenges and a very difficult environment, Jefferies realized relatively positive financial results for the third quarter, and our financial and market position remains strong,” commented Richard B. Handler, Chairman and Chief Executive Officer of Jefferies. “Our excess liquidity and solid business base will help to position our platform to perform as conditions improve. We thank our clients, employees and shareholders for their continued support,” he added.

Conference Call

A conference call with management discussion of financial results for the third quarter ended September 30, 2008 will be held today, October 21, 2008, at 9:00 AM Eastern and can be accessed at 877-246-1929 or 706-634-9290. A one-week replay of the call will be available two hours post-call at 800-633-8284 or 402-977-9140 (reservation code # 21396018). A live audio webcast and delayed replay will also be available under “Investor Relations” at www.jefferies.com.

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).

For further information, please contact:

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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 | | Nine Months Ended | |
|---|--------------------|----------------|-------------------|------------------|
| | Sep 30, 2008 | Sep 30, 2007 | Sep 30, 2008 | Sep 30, 2007 |
| Revenues: | | | | |
| Commissions | 113,416 | 95,652 | 329,588 | 255,778 |
| Principal Transactions | (3,430) | 47,325 | 138,303 | 320,804 |
| Investment Banking | 130,125 | 189,780 | 338,704 | 582,988 |
| Asset Management fees and investment income (loss) from managed funds | (3,431) | (6,283) | (17,748) | 29,586 |
| Interest | 209,183 | 334,056 | 624,614 | 845,957 |
| Other | 7,388 | 6,434 | 20,302 | 21,480 |
| Total Revenues | <u>453,251</u> | <u>666,964</u> | <u>1,433,763</u> | <u>2,056,593</u> |
| Interest Expense | <u>178,605</u> | <u>332,540</u> | <u>565,839</u> | <u>837,900</u> |
| Revenues, net of interest expense | <u>274,646</u> | <u>334,424</u> | <u>867,924</u> | <u>1,218,693</u> |
| Non-Interest Expenses: | | | | |
| Compensation And benefits | 246,186 | 183,503 | 783,651 | 662,771 |
| Floor brokerage and clearing fees | 18,946 | 19,155 | 50,482 | 50,264 |
| Technology and communications | 31,500 | 26,120 | 91,894 | 71,980 |
| Occupancy and equipment rental | 19,205 | 20,280 | 56,898 | 56,315 |
| Business development | 11,228 | 13,791 | 35,106 | 38,980 |
| Other | 25,342 | 16,254 | 66,440 | 51,178 |
| Total non-interest expenses | <u>352,407</u> | <u>279,103</u> | <u>1,084,471</u> | <u>931,488</u> |
| (Loss) / earnings before income taxes and minority interest | (77,761) | 55,321 | (216,547) | 287,205 |
| Income tax (benefit) / expense | (6,090) | 21,608 | (59,966) | 107,312 |
| (Loss) / earnings before minority interest | <u>(71,671)</u> | <u>33,713</u> | <u>(156,581)</u> | <u>179,893</u> |
| Minority interest in (loss) earnings of consolidated subsidiaries, net | (40,367) | (5,060) | (60,355) | 11,026 |
| Net (loss) / earnings | <u>(31,304)</u> | <u>38,773</u> | <u>(96,226)</u> | <u>168,867</u> |
| (Loss) / earnings per share: | | | | |
| Basic | <u>\$ (0.18)</u> | <u>\$ 0.27</u> | <u>\$ (0.60)</u> | <u>\$ 1.19</u> |
| Diluted | <u>\$ (0.18)</u> | <u>\$ 0.26</u> | <u>\$ (0.60)</u> | <u>\$ 1.12</u> |
| Weighted Average Shares: | | | | |
| Basic | 173,757 | 142,822 | 160,458 | 141,905 |
| Diluted | 173,757 | 155,480 | 160,458 | 153,911 |
| Effective tax rate | 7.8% | 39.1% | 27.7% | 37.4% |

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

| | Quarters Ended | | | | | |
|--|----------------|-----------|------------|------------|-----------|-----------|
| | 9/30/2008 | 6/30/2008 | 3/31/2008 | 12/31/2007 | 9/30/2007 | 6/30/2007 |
| Statement of Earnings | | | | | | |
| Revenues, net of interest expense | 274,646 | 392,082 | 201,196 | 349,397 | 334,424 | 465,460 |
| Non Interest Expenses: | | | | | | |
| Compensation And Benefits | 246,186 | 277,514 | 259,951 | 283,538 | 183,503 | 251,602 |
| Non-personnel expenses | 106,221 | 100,097 | 94,502 | 107,330 | 95,600 | 85,467 |
| (Loss) / earnings before income taxes and minority interest | (77,761) | 14,471 | (153,257) | (41,471) | 55,321 | 128,391 |
| Income tax (benefit) / expense | (6,090) | 4,016 | (57,892) | (14,134) | 21,608 | 45,046 |
| (Loss)/earnings before minority interest | (71,671) | 10,455 | (95,365) | (27,337) | 33,713 | 83,345 |
| Minority interest in (loss) earnings of consolidated subsidiaries, net | (40,367) | 14,840 | (34,828) | (3,135) | (5,060) | 15,510 |
| Net (loss) / earnings | (\$31,304) | (\$4,385) | (\$60,537) | (\$24,202) | \$38,773 | \$67,835 |
| Diluted (loss) / earnings per share | (\$0.18) | (\$0.03) | (\$0.43) | (\$0.17) | \$0.26 | \$0.45 |
| Financial Ratios | | | | | | |
| Pretax Operating Margin | -28.3% | 3.7% | -76.2% | -11.9% | 16.5% | 27.6% |
| Compensation and Benefits / Net Revenues | 89.6% | 70.8% | 129.2% | 81.2% | 54.9% | 54.1% |
| Effective Tax Rate | 7.8% | 27.8% | 37.8% | 34.1% | 39.1% | 35.1% |

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

| | Quarters Ended | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 9/30/2008 | 6/30/2008 | 3/31/2008 | 12/31/2007 | 9/30/2007 | 6/30/2007 |
| Revenues by Source | | | | | | |
| Equities | 122,465 | 149,142 | 138,193 | 139,248 | 140,296 | 144,563 |
| Fixed Income & Commodities | | | | | | |
| Fixed Income (excluding high yield) | | | | | | |
| and Commodities | 56,213 | 69,499 | 33,668 | 36,201 | 16,502 | 40,443 |
| High Yield | (61,304) | 31,993 | (51,676) | (3,225) | (7,387) | 34,123 |
| Fixed Income & Commodities Total | (5,091) | 101,492 | (18,008) | 32,976 | 9,115 | 74,566 |
| Total | 117,374 | 250,634 | 120,185 | 172,224 | 149,411 | 219,129 |
| Investment banking | 130,125 | 109,372 | 99,207 | 167,204 | 189,780 | 223,093 |
| Asset management fees and investment income (loss) from managed funds: | | | | | | |
| Asset management fees | 3,804 | 4,758 | 6,285 | 6,419 | 5,369 | 7,294 |
| Investment income (loss) from managed funds | (7,235) | 8,721 | (34,081) | (12,471) | (11,652) | 6,090 |
| Total | (3,431) | 13,479 | (27,796) | (6,052) | (6,283) | 13,384 |
| Interest | 209,183 | 210,540 | 204,891 | 328,926 | 334,056 | 310,739 |
| Total Revenues | 453,251 | 584,025 | 396,487 | 662,302 | 666,964 | 766,345 |
| Other Data | | | | | | |
| Number of Trading Days | 64 | 64 | 61 | 64 | 63 | 63 |
| Average Employees | 2,403 | 2,327 | 2,486 | 2,521 | 2,472 | 2,319 |
| Common Shares Outstanding | 163,429 | 162,121 | 132,762 | 124,453 | 125,657 | 125,740 |
| Weighted Average Shares: | | | | | | |
| Basic | 173,757 | 165,694 | 141,784 | 140,726 | 142,822 | 142,092 |
| Diluted | 173,757 | 165,694 | 141,784 | 140,726 | 155,480 | 154,301 |

As of September 30, 2008, stockholder's equity amounted to \$2.2 billion, resulting in book value of \$13.38 per share

JEFFERIES GROUP, INC. AND SUBSIDIARIES
SELECTED STATISTICAL INFORMATION
Shares Outstanding and Shares for Basic and Diluted EPS Calculations
(Unaudited)

September 30, 2008

Shares outstanding 163,429,054

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

| | | <u>Three months ended</u> <u>September 30, 2008</u> | <u>Nine months ended</u> <u>September 30, 2008</u> |
|---|-----|--|---|
| Shares Outstanding (weighted average) | (1) | 162,437,704 | 148,920,577 |
| Unvested restricted stock | (2) | (12,844,633) | (11,973,630) |
| Vested restricted stock units | (3) | 18,604,220 | 18,120,776 |
| Other issuable shares | (4) | 5,559,791 | 5,390,413 |
| Basic EPS Shares | | 173,757,083 | 160,458,136 |
| Stock Options | (5) | 26,158 | 42,191 |
| Mandatorily redeemable convertible preferred st | (6) | 4,105,138 | 4,097,603 |
| Unvested restricted stock/ restricted stock units | (5) | 9,433,723 | 8,255,952 |
| Diluted EPS Shares * | | 187,322,102 | 172,853,883 |

* For purposes of diluted EPS in the event of a net loss, only basic shares will be used due to anti-dilution factors

- (1) Shares outstanding represents shares issued less shares repurchased in treasury stock. Shares issued includes public and private offerings, vested and unvested 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 vested and unvested restricted stock units.
- (2) As restricted stock is contingent upon a future service condition, unvested shares are removed from shares outstanding in the calculation of basic EPS as Jefferies obligation to issue these shares remains contingent.
- (3) As vested restricted stock units are no longer contingent upon a future service condition or any other contingency and are issuable upon a certain date in the future, vested restricted stock units are added to shares outstanding in the calculation of basic EPS.
- (4) Other shares issuable not pursuant to any contingency include shares issuable under certain deferred compensation plans and shares issuable in connection with earnout agreements.
- (5) Calculated under the treasury stock method in accordance with FASB 128, *Earnings per Share*. 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 in accordance with FASB 128, *Earnings per Share*. The if-converted method assumes the conversion of convertible securities at the beginning of the period.