



FOR IMMEDIATE RELEASE

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JEFFERIES ANNOUNCES ALL-TIME RECORD QUARTERLY RESULTS

**Record \$524 million in Quarterly Total Revenues
Record \$415 million in Quarterly Net Revenues
Record \$58 million in Quarterly Net Earnings
Record \$0.82 Quarterly EPS
Asset Management Revenues of \$44 million for the quarter
Trading Revenues of \$238 million for the quarter**

NEW YORK, April 18, 2006 -- Jefferies Group, Inc. (NYSE: JEF) today announced record quarterly financial results for the quarter ended March 31, 2006.

Highlights for the record first quarter ended March 31, 2006:

- Net revenues were up 45% to a record \$415.4 million versus \$286.0 million for the first quarter of 2005.
- Net earnings were up 59% to a record \$58.4 million compared to \$36.7 million for the first quarter of 2005.
- Earnings per share (diluted) were up 46% to a record \$0.82 compared to \$0.56 for the first quarter of 2005. This increase in earnings per share included \$0.02 related to the cumulative effect of a change in accounting principle, net of tax.
- Asset management related revenues were up 108% to a record \$44.2 million versus \$21.3 million for the first quarter of 2005.
- Total trading revenues were up 64% to a record \$238.4 million versus \$141.6 million for the first quarter of 2005.
- Investment banking revenues were \$127.7 million versus \$117.4 million for the first quarter of 2005.

"Our 2,030 employee-partners are pleased to deliver these results for our shareholders, and we would all like to thank our loyal clients for their continued support," commented Richard B. Handler, Chairman and Chief Executive Officer of Jefferies.

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Conference Call

A conference call with management discussion of financial results for the first quarter ended March 31, 2006 will be held April 18 at 9:00 AM Eastern and can be accessed at 617-801-9714 (code: 65606185). A replay of the call will be available two hours post-call at 617-801-6888 (code: 29475499). 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 April 18.

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	
	March 31, 2006	March 31, 2005
Revenues:		
Commissions	\$ 69,002	\$ 68,908
Principal transactions	156,584	72,698
Investment banking	127,734	117,442
Asset management fees and investment income from managed funds	44,218	21,284
Interest	113,760	59,851
Other	12,779	3,710
Total revenues	524,077	343,893
Interest expense	108,663	57,883
Revenues, net of interest expense	415,414	286,010
Non-interest expenses:		
Compensation and benefits	232,734	161,988
Floor brokerage and clearing fees	13,933	12,195
Technology and communications	19,245	16,004
Occupancy and equipment rental	15,172	10,833
Business development	12,603	8,634
Other	24,320	14,183
Total non-interest expenses	318,007	223,837
Earnings before income taxes, minority interest and cumulative effect of change in accounting principle	97,407	62,173
Income taxes	38,432	23,445
Earnings before minority interest and cumulative effect of change in accounting principle	58,975	38,728
Minority interest in earnings of consolidated subsidiaries, net	2,134	2,056
Earnings before cumulative effect of change in accounting principle, net	56,841	36,672
Cumulative effect of change in accounting principle	1,606	—
Net earnings	\$ 58,447	\$ 36,672
Earnings per share:		
Basic-		
Earnings before cumulative effect of change in accounting principle, net	\$ 0.88	\$ 0.61
Cumulative effect of change in accounting principle	0.02	—
Net earnings	\$ 0.90	\$ 0.61
Diluted-		
Earnings before cumulative effect of change in accounting principle, net	\$ 0.80	\$ 0.56
Cumulative effect of change in accounting principle	0.02	—
Net earnings	\$ 0.82	\$ 0.56
Weighted average shares:		
Basic	65,179	60,570
Diluted	71,471	65,997

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

	Quarters ended				
	3/31/2006	12/31/2005	9/30/2005	6/30/2005	3/31/2005
Statement of Earnings					
Revenues, net of interest expense.....	\$415,414	\$342,852	\$299,280	\$276,558	\$286,010
Non-interest expenses:					
Compensation and benefits.....	232,734	188,933	167,033	152,003	161,988
Non-personnel expenses.....	85,273	75,532	64,710	64,245	61,849
Earnings before income taxes, minority interest and cumulative effect of change in accounting principle	97,407	78,387	67,537	60,310	62,173
Income taxes.....	38,432	30,880	26,143	23,621	23,445
Earnings before minority interest and cumulative effect of change in accounting principle	58,975	47,507	41,394	36,689	38,728
Minority interest in earnings of consolidated subsidiaries, net.....	2,134	768	2,799	1,252	2,056
Earnings before cumulative effect of change in accounting principle	56,841	46,739	38,595	35,437	36,672
Cumulative effect of change in accounting principle.....	1,606	—	—	—	—
Net earnings.....	<u>\$58,447</u>	<u>\$46,739</u>	<u>\$38,595</u>	<u>\$35,437</u>	<u>\$36,672</u>
Diluted earnings per share.....	<u>\$0.82</u>	<u>\$0.68</u>	<u>\$0.57</u>	<u>\$0.53</u>	<u>\$0.56</u>
Financial Ratios					
Pretax operating margin	23.4%	22.9%	22.6%	21.8%	21.7%
Compensation and benefits / net revenues.....	56.0%	55.1%	55.8%	55.0%	56.6%
Effective tax rate	39.5%	39.4%	38.7%	39.2%	37.7%

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

	Quarters ended				
	3/31/2006	12/31/2005	9/30/2005	6/30/2005	3/31/2005
<u>Revenues by Source</u>					
Equities	\$171,707	\$111,806	\$118,990	\$104,621	\$102,663
Fixed Income & Commodities	66,658	42,448	48,404	45,169	42,653
Total	238,365	154,254	167,394	149,790	145,316
Investment banking	127,734	167,497	107,556	102,519	117,442
Asset management fees and investment income from managed funds:					
Asset management fees	28,004	8,215	14,239	13,580	14,909
Investment income from managed funds	16,214	10,452	7,428	6,854	6,375
Total	44,218	18,667	21,667	20,434	21,284
Interest	113,760	91,315	81,467	71,420	59,851
Total revenues	\$524,077	\$431,733	\$378,084	\$344,163	\$343,893
<u>Other Data</u>					
Number of trading days	62	63	64	64	61
Average employees	2,030	2,013	2,001	1,916	1,817
Common shares outstanding	59,251	58,110	58,083	57,759	58,090
Weighted average shares:					
Basic	65,179	62,985	62,224	61,468	60,570
Diluted	71,471	68,979	68,112	67,422	65,997

As of March 31, 2006, stockholders' equity amounted to \$1.4 billion, resulting in book value of \$23.19 per share.

Note: Certain reclassifications have been made to the prior years' amounts to conform to the current year's presentation.
