

JEFFERIES GROUP INC /DE/

Form 424B3

April 19, 2012

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**Filed Pursuant to Rule 424(b)(3)
The filing fee will be paid with the filing of the final prospectus
supplement respecting this offering pursuant to Rule 424(b)(2)
Registration No. 333-160214**

The information in this preliminary prospectus supplement is not complete and may be changed without notice. This preliminary prospectus supplement is not an offer to sell these securities, nor a solicitation of an offer to buy these securities, in any jurisdiction where the offering is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 19, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated October 20, 2009)

\$

Jefferies Group, Inc.

6.875% SENIOR NOTES DUE 2021

We are offering \$ aggregate principal amount of our 6.875% Senior Notes due 2021. We will pay interest on the notes in cash semi-annually in arrears on April 15 and October 15 of each year, beginning October 15, 2012. The notes will mature on April 15, 2021. The notes are being offered as additional notes under an indenture, as supplemented by a supplemental indenture, pursuant to which we issued \$400,000,000 aggregate principal amount and \$150,000,000 aggregate principal amount of our 6.875% Senior Notes due 2021 on June 28, 2010 and July 19, 2010, respectively. The notes offered hereby and those previously issued notes will be treated as a single series of debt securities under the indenture. The terms of the notes, other than their issue date and public offering price, will be identical to the previously issued notes and will trade interchangeably with the previously issued notes immediately upon settlement. We may redeem some or all of the notes at any time at the redemption price described in this prospectus supplement. Upon completion of this offering, the aggregate principal amount of our 6.875% Senior Notes due 2021 will be \$.

The notes will be our senior unsecured obligations and will rank equally with our other senior unsecured indebtedness. The notes will be issued only in registered form in denominations of \$5,000 and integral multiples of \$1,000 in excess of \$5,000.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-3 of this prospectus supplement.

	Per 6.875% Senior Note Due 2021	Total
Public Offering Price (1)	%	\$
Underwriting Discounts and Commissions	%	\$
Proceeds to Jefferies (Before Expenses)	%	\$

(1) The public offering price set forth above does not include accrued interest in the amount of \$. Interest on the notes accrues from April 15, 2012, and the accrued interest for the period from and including April 15, 2012 to and excluding the settlement date must be paid by purchasers of the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Jefferies Group, Inc. may use this prospectus supplement in the initial sale of the notes. In addition, Jefferies & Company, Inc. or any other affiliate of Jefferies Group, Inc. may use this prospectus supplement in a market-making transaction in a note after its initial sale. *Unless Jefferies Group, Inc. or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus supplement is being used in a market-making transaction.*

The underwriter expects to deliver the notes in book-entry form only through The Depository Trust Company, including for the accounts of Euroclear and Clearstream, against payment in New York, New York on April , 2012.

Jefferies

The date of this prospectus supplement is April , 2012.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date later than the date on the front of this prospectus supplement.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes being offered. The second part, the base prospectus, gives more general information, some of which may not apply to the notes being offered. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of the notes varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in the prospectus supplement.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not statements of historical fact and represent only our belief as of the date such statements were made. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause actual reported results and performance to differ materially from the performance and expectations expressed in these forward-looking statements. These factors include, but are not limited to, financial market volatility, actions and initiatives by current and future competitors, general economic conditions, controls and procedures relating to the close of the quarter, the effects of current, pending and future legislation or rulemaking by regulatory or self-regulatory bodies, regulatory actions, and the other risks and uncertainties that are outlined in our Annual Report on Form 10-K for the fiscal year ended November 30, 2011 filed with the U.S. Securities and Exchange Commission, or the SEC, on January 27, 2012 and in our Quarterly Report on Form 10-Q for the quarterly period ended February 29, 2012 filed with the SEC on April 5, 2012. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date of the forward-looking statements.

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PROSPECTUS SUPPLEMENT SUMMARY

In this prospectus supplement, we refer to our subsidiaries Jefferies & Company, Inc. as Jefferies, Jefferies Execution Services, Inc. as Jefferies Execution, Jefferies International Limited as JIL and Jefferies High Yield Trading, LLC as JHYT.

The Company

Jefferies Group, Inc. and its subsidiaries (we, our or us) operate as a global full service, integrated securities and investment banking firm. Our principal operating subsidiary, Jefferies & Company, Inc. (Jefferies), was founded in the U.S. in 1962 and our first international operating subsidiary, Jefferies International Limited, was established in the U.K. in 1986. On July 1, 2011, we acquired the Bache Global Commodities Group from Prudential Financial, Inc. and we now operate a full service futures commission merchant through Jefferies Bache, LLC in the U.S. and a global commodities and financial derivatives broker through Jefferies Bache Limited in the U.K. Since 2000, we have grown considerably and become increasingly diversified, increasing our market share and the breadth of our business. Our growth has been achieved through the ongoing addition of talented personnel in targeted areas, as well as the acquisition of complementary businesses.

As of February 29, 2012, we had 3,851 employees in the U.S., Europe, the Middle East and Asia. Our global headquarters and executive offices are located at 520 Madison Avenue, New York, New York 10022. We also have regional headquarters offices in London and Hong Kong. Our primary telephone number is (212) 284-2550 and our Internet address is www.jefferies.com. Information on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

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The Offering

The summary below contains basic information about the notes. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this prospectus supplement entitled Description of the Notes.

Issuer	Jefferies Group, Inc., a Delaware corporation.
Securities Offered	\$ aggregate principal amount of our 6.875% Senior Notes due 2021. The notes are being offered as additional notes under an indenture, as supplemented by a supplemental indenture, pursuant to which we issued \$400,000,000 aggregate principal amount and \$150,000,000 aggregate principal amount of our 6.875% Senior Notes due 2021 on June 28, 2010 and July 19, 2010, respectively. The notes offered hereby and those previously issued notes will be treated as a single series of debt securities under the indenture.
Maturity	April 15, 2021
Issue Date	, 2012
Interest	6.875% per year. Interest will accrue from April 15, 2012 and will be payable semi-annually in arrears on April 15 and October 15 of each year, beginning October 15, 2012.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness.
Optional Redemption	We may redeem some or all of the notes at any time prior to maturity at the redemption price described in this prospectus supplement. See Description of the Notes Optional Redemption.
Covenants	The indenture governing the notes contains certain covenants. See Description of the Notes Covenants.
Use of Proceeds	We intend to use these proceeds for general corporate purposes, including the further development and diversification of our businesses. See Use of Proceeds.
Conflict of Interest	Jefferies & Company, Inc., our broker-dealer subsidiary, is a member of FINRA and will participate in the distribution of the notes being offered hereby. Accordingly, the offering is subject to the provisions of FINRA Rule 5121 relating to conflicts of interests and will be conducted in accordance with the requirements of Rule 5121. See Conflict of Interest.

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RISK FACTORS

*In addition to the other information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus, including the section entitled **Risk Factors** in our Annual Report on Form 10-K filed with the SEC on January 27, 2012, you should consider carefully the following factors before deciding to purchase the notes.*

Risks Associated with the Offering

In the absence of an active trading market for the notes, you may not be able to resell them.

We can offer no assurance as to the liquidity of the market for the notes, your ability to sell the notes or the price at which you may be able to sell them. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, our credit ratings and the market for similar securities. We do not intend to list the notes on any securities exchange. Jefferies & Company, Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. have been making a market in the notes. However, none of them is obligated to do so and they may discontinue any market making at any time without notice.

We may redeem the notes before maturity, and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the notes at any time. The redemption price will equal the principal amount being redeemed, plus accrued interest to the redemption date, plus an amount described under **Description of the Notes**. If a redemption occurs, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the notes.

The notes will be effectively subordinated to liabilities of our subsidiaries.

The notes will be the obligations of Jefferies Group, Inc. exclusively and will not be guaranteed by any of our subsidiaries or secured by any of our properties or assets. Jefferies Group, Inc. is a holding company. We conduct almost all of our operations through our subsidiaries and a significant portion of our consolidated assets are held by our subsidiaries. Accordingly, our cash flow and our ability to service debt, including the notes, is in large part dependent upon the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide us cash (whether in the form of dividends, loans or otherwise) to pay amounts due in respect of our obligations, to pay any amounts due on the notes or to make any funds available to pay such amounts. In addition, dividends, loans and other distributions from our subsidiaries to us are subject to restrictions imposed by law, including minimum net capital requirements, are contingent upon results of operations of such subsidiaries and are subject to various business considerations.

The notes will be effectively subordinated as a claim against the assets of our subsidiaries to all existing and future liabilities of those subsidiaries (including indebtedness, guarantees, customer and counterparty obligations, trade payables, lease obligations and letter of credit obligations). Therefore, our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of any subsidiary upon its liquidation or reorganization will be subject to the prior claims of its creditors, except to the extent that we or they may be a creditor with recognized claims against the subsidiary.

Changes in our credit ratings may affect the trading value of the notes.

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. No person is obligated to maintain any rating on the notes, and, accordingly, we cannot assure you that the ratings assigned to the notes will not be lowered or withdrawn by the assigning rating organization at any time thereafter.

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USE OF PROCEEDS

We estimate that the net proceeds from the issuance and sale of the notes (excluding accrued interest paid by purchasers), after deducting the underwriting discount and expenses relating to the offering, will be approximately \$. We intend to use these proceeds for general corporate purposes, including the further development and diversification of our businesses. We consistently review and consider opportunities to expand our business, including possible acquisitions of complementary businesses. We are currently pursuing a number of business initiatives; however, we are not currently a party to any letter of intent or binding agreement to acquire any assets or business.

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DESCRIPTION OF THE NOTES

General

The following description of the notes we are offering supplements, and to the extent inconsistent therewith supersedes, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus. We refer you to that description.

We will issue the notes under an indenture dated as of March 12, 2002 between us and the Bank of New York Mellon, as trustee, as supplemented by a first supplemental indenture, dated as of July 15, 2003. We have normal banking relationships with the Bank of New York Mellon. On June 28, 2010, we issued \$400,000,000 aggregate principal amount of the notes under the indenture, and on July 19, 2010, we issued an additional \$150,000,000 aggregate principal amount of the notes under the indenture. The \$ aggregate principal amount of the notes to be issued in this offering are additional notes under the indenture, and will be treated together with the previously issued notes as a single series of debt securities. The terms of the notes, other than their issue date and public offering price, will be identical to the previously issued notes. The notes offered hereby will have the same CUSIP and ISIN numbers as the previously issued notes and will trade interchangeably with the previously issued notes immediately upon settlement. References to the notes in this section of this prospectus supplement include both the outstanding notes and the notes offered hereby.

The notes are not listed, and we do not currently intend to list the notes, on any securities exchange or to seek approval for their quotation through any automated quotation system. The notes that we previously issued currently trade in the over-the-counter market. We cannot assure you that the notes will continue to trade after this offering.

We may from time to time, without giving notice to or seeking the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms, except for the issue price and the issue date. Any such additional notes having such similar terms, together with the notes offered hereby, will constitute a single series with the notes under the indenture.

Principal, Maturity and Interest

The aggregate principal amount of the notes is \$ (including \$400,000,000 of notes issued on June 28, 2010 and \$150,000,000 of notes issued on July 19, 2010). The notes will mature on April 15, 2021 and will bear interest at the rate per annum shown on the cover page of this prospectus supplement.

Interest on the notes will accrue from April 15, 2012, or from the most recent interest payment date to which interest has been paid or provided for. We will pay interest on the notes on April 15 and October 15 of each year, commencing October 15, 2012 to holders of record at the close of business on the immediately preceding April 1 and October 1.

Interest will be calculated on the basis of a 360-day year comprising twelve 30-day months. Interest on the notes will be paid by check mailed to the persons in whose names the notes, are registered at the close of business on the applicable record date or, at our option, by wire transfer to accounts maintained by such persons with a bank located in the United States. The principal of the notes will be paid upon surrender of the notes, at the corporate trust office of the trustee. For so long as the notes are represented by global notes, we will make payments of interest by wire transfer to The Depository Trust Company (DTC) or its nominee, which will distribute payments to beneficial holders in accordance with its customary procedures. We will not pay additional amounts for taxes, as described in Description of Debt Securities Payment of Additional Amounts.

The notes are not entitled to any sinking fund. The provisions of the indenture described in the accompanying prospectus under Description of Debt Securities Defeasance will apply to the notes.

Ranking

The notes will be senior unsecured obligations, each ranking equally with all of our existing and future senior indebtedness and senior to any future subordinated indebtedness.

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Optional Redemption

The notes will be redeemable, in whole at any time or in part from time to time, at our option at a redemption price equal to the greater of:

(i) 100% of the principal amount of the notes to be redeemed; or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any such portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 50 basis points plus accrued interest thereon to the date of redemption.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) Citigroup Global Markets Inc. (or its affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefore another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such reference treasury dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price of such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes shall be selected by the Trustee by a method the Trustee deems appropriate.

Covenants

Limitations on Liens. The indenture provides that we will not, and will not permit any material subsidiary to, incur, issue, assume or guarantee any indebtedness for borrowed money if such indebtedness is secured by a pledge of, lien on, or security interest in any shares of common stock of any material subsidiary, without providing that each series of senior debt securities and, at our option, any other indebtedness ranking equally and ratably with such indebtedness, is secured equally and ratably with (or prior to) such other secured indebtedness. The indenture defines material subsidiary to be any subsidiary that represents 5% or more of our consolidated net worth as of the date of determination.

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Limitations on Transactions with Affiliates. The indenture provides that we will not, and will not permit any subsidiary to, sell, lease, transfer or otherwise dispose of any of our or its properties or assets to, or purchase any property or asset from, or enter into any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any affiliate of ours unless:

the transaction with the affiliate is made on terms no less favorable to us or the subsidiary than those that would have been obtained in a comparable transaction with an unrelated person; and

in the case of any affiliate transaction involving consideration in excess of \$25 million in any fiscal year, we deliver to the trustee a certificate to the effect that our board of directors has determined that the transaction complies with the requirements described in the above bullet point and that the transaction has been approved by a majority of the disinterested members of our board of directors. This covenant will not apply to any employment agreement entered into in the ordinary course of business and consistent with past practices, to any transaction between or among us and our subsidiaries or to transactions entered into prior to the date the notes are issued.

Limitations on Mergers and Sales of Assets. The indenture provides that we will not merge or consolidate or transfer or lease our assets substantially as an entirety, and another person may not transfer or lease its assets substantially as an entirety to us, unless:

either (1) we are the continuing corporation, or (2) the successor corporation, if other than us, is a U.S. corporation and expressly assumes by supplemental indenture the obligations evidenced by the securities issued pursuant to the indenture; and

immediately after the transaction, there would not be any default in the performance of any covenant or condition of the indenture. In the event of any transaction described in and complying with the conditions listed in this covenant in which we are not the continuing entity, the successor person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of us, and we would be discharged from all obligations and covenants under the indenture and the notes.

Book-Entry, Delivery and Form

We have obtained the information in this section concerning DTC, Clearstream, Euroclear and the book-entry system and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

The notes will be issued as fully-registered global notes which will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, which we refer to as DTC, and registered, at the request of DTC, in the name of Cede & Co. Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in DTC. Investors may elect to hold their interests in the global notes through either DTC (in the United States) or (in Europe) through Clearstream Banking S.A., or Clearstream, formerly Cedelbank, or through Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear. Investors may hold their interests in the global notes directly if they are participants of such systems, or indirectly through organizations that are participants in these systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers securities accounts in Clearstream s and Euroclear s names on the books of their respective depositories, which in turn will hold these interests in customers securities accounts in the depositories names on the books of DTC. Citibank, N.A. will act as depository for Clearstream and JPMorgan Chase Bank will act as depository for Euroclear. We will refer to Citibank and JPMorgan Chase Bank in these capacities as the U.S. Depositories. Beneficial interests in the global notes will be held in denominations of \$5,000 and integral multiples of \$1,000 in excess thereof. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

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Notes represented by a global note can be exchanged for definitive notes, in registered form only if:

DTC notifies us that it is unwilling or unable to continue as depository for that global note and we do not appoint a successor depository within 90 days after receiving that notice;

at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and we do not appoint a successor depository within 90 days after becoming aware that DTC has ceased to be registered as a clearing agency;

we in our sole discretion determine that that global note will be exchangeable for definitive notes, in registered form and notify the trustee of our decision; or

an event of default with respect to the notes represented by that global note, has occurred and is continuing.

A global note that can be exchanged as described in the preceding sentence will be exchanged for definitive notes, issued in denominations of \$5,000 and integral multiples of \$1,000 in excess thereof in registered form for the same aggregate amount. The definitive notes will be registered in the names of the owners of the beneficial interests in the global note as directed by DTC.

We will make principal and interest payments on all notes represented by a global note to the paying agent which in turn will make payment to DTC or its nominee, as the sole registered owner and the sole holder of the notes represented by the global note, for all purposes under the indenture. Accordingly, we, the trustee and any paying agent will have no responsibility or liability for:

any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in a note represented by a global note;

any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global note held through those participants; or

the maintenance, supervision or review of any of DTC's records relating to those beneficial ownership interests.

DTC has advised us that its current practice is to credit participants' accounts on each payment date with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global note as shown on DTC's records, upon DTC's receipt of funds and corresponding detail information. The underwriter will initially designate the accounts to be credited. Payments by participants to owners of beneficial interests in a global note will be governed by standing instructions and customary practices, as is the case with securities held for customer accounts registered in street name, and will be the sole responsibility of those participants. Book-entry notes may be more difficult to pledge because of the lack of a physical note.

DTC

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee, will be considered the sole owner and holder of the notes represented by that global note for all purposes of the indenture. Owners of beneficial interests in the notes will not be entitled to have the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered owners or holders of notes under the indenture. Accordingly, each person owning a beneficial interest in a global note must rely on the procedures of DTC and, if that person is not a DTC participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder of notes. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in a global note. Beneficial owners may experience delays in receiving distributions on their notes since distributions will initially be made to DTC and must then be transferred through the chain of intermediaries to the beneficial owner's account.

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We understand that, under existing industry practices, if we request holders to take any action, or if an owner of a beneficial interest in a global note desires to take any action which a holder is entitled to take under

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the indenture, then DTC would authorize the participants holding the relevant beneficial interests to take that action and those participants would authorize the beneficial owners owning through such participants to take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Beneficial interests in a global note will be shown on, and transfers of those ownership interests will be effected only through, records maintained by DTC and its participants for that global note. The conveyance of notices and other communications by DTC to its participants and by its participants to owners of beneficial interests in the notes will be governed by arrangements among them, subject to any statutory or regulatory requirements in effect.

DTC has advised us that it is a limited-purpose trust company organized under the New York banking law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the Securities Exchange Act of 1934.

DTC holds the securities of its participants and facilitates the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants. The electronic book-entry system eliminates the need for physical certificates. DTC's participants include securities brokers and dealers, including the underwriters, banks, trust companies, clearing corporations and certain other organizations, some of which, and/or their representatives, own DTC. Banks, brokers, dealers, trust companies and others that clear through or maintain a custodial relationship with a participant, either directly or indirectly, also have access to DTC's book-entry system. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

DTC has advised us that the above information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Clearstream

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations, or Clearstream Participants, and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Clearstream's U.S. Participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream.

Euroclear

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear, or Euroclear Participants, and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various

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other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V., or the Euroclear Operator, under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is a Belgian bank. As such it is regulated by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law, which we will refer to in this prospectus supplement as the Terms and Conditions. The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

Euroclear has further advised us that investors that acquire, hold and transfer interests in the notes by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global notes.

Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving notes through DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. Depositories.

Because of time-zone differences, credits of notes received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such notes settled during such processing will be reported to the relevant Euroclear Participants or Clearstream Participants on such busi-

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ness day. Cash received in Clearstream or Euroclear as a result of sales of notes by or through a Clearstream Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither we nor the paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This section describes the material United States federal income tax consequences of owning the notes we are offering. It applies only to a holder that acquires notes in the initial offering at the offering price listed on the cover page hereof and that holds its notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This section does not apply to a holder that is a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings;

a bank or other financial institution;

an insurance company;

a tax-exempt organization;

a person that owns notes that are a hedge or that are hedged against interest rate risks;

a person that owns notes as part of a straddle or conversion transaction for tax purposes;

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar; or

except as specifically noted, a United States alien holder (as defined below) that holds the notes in connection with a United States trade or business.

The notes in this offering constitute a qualified reopening within the meaning of Treasury Regulation Section 1.1275-2(k) of the June 28, 2010 issuance of the 6.875% Senior Notes due 2021 presently outstanding under the indenture. The notes will be issued as additional notes under an indenture, as supplemented by a supplemental indenture, pursuant to which we issued \$400,000,000 aggregate principal amount and \$150,000,000 aggregate principal amount of our 6.875% Senior Notes due 2021 on June 28, 2010, and July 19, 2010 respectively, and the notes will have the same CUSIP number as the notes presently outstanding under the indenture. The notes will be subject to the same information reporting for federal income tax purposes as, and will be fungible with, the notes presently outstanding. This discussion pertains only to the notes hereby being issued and not to the notes presently outstanding under the indenture.

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This section is based on the Code, its legislative history, existing and proposed Treasury regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. This discussion does not address any tax consequences arising under any state, local or foreign law.

If a partnership or an entity treated as a partnership holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership or an entity treated as a partnership holding the notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

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The discussion in this section is based in part on our determination that there is no more than a remote likelihood that we would exercise our right to redeem the notes in circumstances where the amount that we would have to pay in redemption was based on the sum of the present values of the remaining scheduled payments of interest and principal on the notes, and that there is more than a remote likelihood that we will exercise our right to redeem the notes in circumstances where the amount that we would have to pay would equal 100% of the principal amount of the notes, plus accrued interest thereon to the date of redemption. Our determination that there is no more than a remote likelihood that we would redeem the notes in circumstances where the amount we would have to pay in redemption is based on the present values of the remaining scheduled payments of interest and principal on the notes is binding on holders of the notes, unless a holder discloses to the Internal Revenue Service, in the manner required by applicable Treasury regulations, that the holder is taking a different position. It is possible that the Internal Revenue Service may take a different position regarding the remoteness of the likelihood of redemptions, in which case, if the position of the Internal Revenue Service were sustained, the timing, amount and character of income recognized with respect to a note may be substantially different than described herein, and a holder may be required to recognize income significantly in excess of payments received and may be required to treat as interest income all or a portion of any gain recognized on a disposition of a note. This discussion assumes that the Internal Revenue Service will not take a different position, or, if it takes a different position, that such position will not be sustained. Prospective purchasers should consult their own tax advisors as to the tax considerations that relate to the likelihood of redemption.

Holders considering the purchase of notes should consult their own tax advisors concerning the consequences of purchasing, owning and disposing of notes in their particular circumstances under the Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. A holder is a United States holder if that holder is a beneficial owner of a note and is or is treated for United States federal income tax purposes as:

a citizen or resident of the United States;

a corporation created or organized under the laws of the United States or any State thereof or the District of Columbia;

an estate whose income is subject to United States federal income tax regardless of its source; or

a trust if (i) a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust or (ii) the trust was in existence on August 20, 1996 and has elected to continue to be treated as a United States person.

Holders that are not United States holders should refer to **United States Alien Holders** below.

Payments of Interest. We expect that the first price at which a substantial amount of the notes is sold to persons (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) will be an amount which is at a *de minimis* discount thereto. If that is the case, stated interest payments on the notes generally will be taxable as ordinary income at the time the interest accrues or is received, in accordance with a holder's regular method of accounting for United States federal income tax purposes. However, the portion of the first interest payment received by a holder that is attributable to interest accrued before the date the holder purchased the notes (pre-issuance accrued interest) should not be taxable to the holder.

Purchase, Sale and Retirement of the Notes. A holder's tax basis in a note will generally be the cost of the note (less any amount attributable to pre-issuance accrued interest, as described above). A holder generally will recognize capital gain or loss on the sale, retirement or other taxable disposition of a note equal to the difference between the amount realized on the sale, retirement or other taxable disposition and the holder's tax basis in the note. A holder will recognize capital gain or loss at the time of such sale, retirement or other taxable disposition, except that proceeds attributable to accrued but unpaid interest will be recognized as ordinary interest income to

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the extent that the holder has not previously included the accrued interest in income. Capital gain of a noncorporate United States holder is currently taxed at reduced rates where the holder has a holding period greater than one year. The deductibility of capital losses is subject to limitations.

Additional Tax on Investment Income. On March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010. This legislation will require certain individuals, estates and trusts to pay a 3.8% Medicare surtax on net investment income including, among other things, interest and proceeds of sale in respect of securities like the notes, subject to certain exceptions. This surtax will apply for taxable years beginning after December 31, 2012. Prospective purchasers of the notes should consult with their own tax advisors regarding the effect, if any, of the legislation on their ownership and disposition of the notes.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder. A holder is a United States alien holder if that holder is the beneficial owner of a note and is, for United States federal income tax purposes, an individual, corporation, estate or trust that is not a United States holder.

This subsection does not apply to a United States holder.

Under United States federal income tax law, and subject to the discussion of backup withholding below, if a holder is a United States alien holder of a note, we and other United States paying agents (collectively referred to as U.S. Payors) generally will not be required to deduct a 30% United States withholding tax from payments on the notes to the holder if, in the case of payments of interest:

(a) the holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock that are entitled to vote;

(b) the holder is not a controlled foreign corporation that is related to us through stock ownership; and

(c) the U.S. Payor does not have actual knowledge or reason to know that the holder is a United States person and:

(i) the holder has furnished to the U.S. Payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which the holder certifies, under penalties of perjury, that the holder is (or, in the case of a United States alien holder that is a partnership or an estate or trust, such forms certifying that each partner in the partnership or beneficiary of the estate or trust is) a non-United States person;

(ii) the U.S. Payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:

(A) a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners);

(B) a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service); or

(C) a U.S. branch of a non-United States bank or of a non-United States insurance company, that has agreed to be treated as a United States person for withholding purposes,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payments on the notes in accordance with U.S. Treasury regulations (or, in the case of a withholding foreign partnership or a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

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(iii) the U.S. Payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the notes on behalf of the United States alien holder,

(A) certifying to the U.S. Payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from the holder by it or by a similar financial institution between it and the holder, and

(B) to which is attached a copy of Internal Revenue Service Form W-8BEN or acceptable substitute form, or

(iv) the U.S. Payor otherwise possesses documentation upon which it may rely to treat the payments as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payments on the notes in accordance with U.S. Treasury regulations.

Subject to the discussion below regarding effectively connected interest, a non-United States alien holder that does not meet the conditions set forth above will be subject to United States federal withholding tax at the applicable rate (currently 30%) with respect to payments of interest, unless the United States alien holder is entitled to a reduction in or an exemption from withholding tax on interest under a tax treaty between the United States and the United States alien holder's country of residence. To claim such a reduction or exemption, a United States alien holder must generally complete an Internal Revenue Service Form W-8BEN and claim this exemption on the form. In some cases, a United States alien holder may instead be permitted to provide documentary evidence of its claim to the intermediary, or a qualified intermediary may already have some or all of the necessary evidence in its files.

Interest Treated as Effectively Connected

Notwithstanding the foregoing discussion and subject to the discussion below regarding backup withholding, interest on a United States alien holder's notes will not be subject to United States federal withholding tax if:

the United States alien holder is engaged in the conduct of a trade or business in the United States;

interest income on the United States alien holder's notes is effectively connected to the conduct of its trade or business in the United States; and

the United States alien holder has certified to the U.S. Payor on an Internal Revenue Service Form W-8ECI that it is exempt from withholding tax because the interest income on its notes will be effectively connected with the conduct of its trade or business in the United States.

Interest income on the notes that is treated as effectively connected with a United States alien holder's conduct of a trade or business in the United States (and, if a permanent establishment clause in a tax treaty applies, is attributable to a permanent establishment in the United States) will be includable in the income of the United States.