

JEFFERIES GROUP INC /DE/
Form FWP
October 21, 2009

Pricing Term Sheet
To Prospectus Supplement dated October 21, 2009

Filed pursuant to Rule 433
Registration File No. 333-160214
Dated October 21, 2009
(To Prospectus dated October 20, 2009)

\$300,000,000 of principal amount of
Jefferies Group, Inc.
3.875% Convertible Senior Debentures Due 2029

Issuer: Jefferies Group, Inc.

Ticker / Exchange for common stock: JEF / New York Stock Exchange (NYSE).

Title of securities: 3.875% Convertible Senior Debentures due 2029 (the debentures)

Aggregate principal amount offered: \$300 million aggregate principal amount (or a total of \$345 million aggregate principal amount if the underwriters exercise their over-allotment option in full).

Maturity date: November 1, 2029, unless earlier redeemed, repurchased or converted.

Call protection: Non-callable prior to November 1, 2012.

Beginning November 1, 2012 and prior to November 1, 2017, debentures are callable at par plus accrued and unpaid interest (including contingent interest, if any) if the last reported sale price of the common stock for 20 or more trading days in a period of 30 consecutive trading days exceeds 130% of the conversion price in effect on the redemption date.

On or after November 1, 2017, the debentures are callable at par plus accrued and unpaid interest (including contingent interest, if any).

Put dates: November 1, 2017, November 1, 2019, and November 1, 2024

Interest rate: 3.875 %, per annum

Public offering price: 100% plus accrued interest, if any, from the issue date.

Interest payment dates: May 1 and November 1 of each year, beginning May 1, 2010.

Reference price: \$29.04, the last reported sale price of Jefferies Group, Inc. (the Issuer) common stock on the NYSE on October 20, 2009.

Conversion premium: 35%

Initial conversion rate: 25.5076 shares of common stock per \$1,000 principal amount of debentures, subject to adjustment.

Initial conversion price: \$39.20

Contingent interest: 0.375% of the average trading price of the debentures, commencing with the six-month period ending November 1, 2017, if the average trading price of the debentures equals or exceeds \$1,200 per \$1,000 principal amount of the debentures

Use of proceeds: The Issuer estimates that the net proceeds from the issuance and sale of the debentures, after deducting the underwriting discount and expenses relating to the offering, will be approximately \$292,850,000. The Issuer plans to use these proceeds for general corporate purposes, including specifically, the further development of its business.

Commissions and discounts: The underwriters have advised the Issuer that they propose to initially offer the debentures at a price of 100% of the principal amount of the debentures, plus accrued interest from the settlement date of the debentures, if any, and to dealers at that price less a concession not in excess of 1.35% of the principal amount of the debentures, plus accrued interest from the settlement date, if any. After the initial public offering, the public offering price, concession and discount may be changed. The following table shows the public offering price, underwriting discount and proceeds before expenses to the Issuer.

| | Per Convertible Debenture | Total |
|--|--|----------------|
| Public offering price | 100% | \$ 300,000,000 |
| Underwriting discounts and commissions | 2.25% | \$ 6,750,000 |
| Proceeds, before expenses, to Issuer | 97.75% | \$293,250,000 |

Underwriters: Jefferies & Company, Inc.
 Citigroup Global Markets Inc.
 J.P. Morgan Securities Inc.
 BNY Mellon Capital Markets, LLC
 U.S. Bancorp Investments, Inc.
 BNP Paribas Securities Corp.
 Deutsche Bank Securities Inc.
 Keefe, Bruyette & Woods, Inc.

Trade date October 21, 2009
 Settlement date October 26, 2009
 CUSIP 472319 AG 7
 ISIN US472319 AG 74

Adjustment to shares delivered upon conversion upon certain fundamental changes: The following table sets forth the stock price and the number of additional shares to be received per \$1,000 principal amount of debentures with respect to conversions upon the occurrence of a make-whole fundamental change:

Stock Price

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| Effective Date | \$29.04 | \$34.00 | \$39.20 | \$45.00 | \$50.00 | \$60.00 | \$70.00 | \$80.00 | \$100.00 | \$125.00 |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| October 26, 2009 | 8.928 | 6.400 | 4.663 | 3.398 | 2.666 | 1.776 | 1.294 | 1.005 | 0.678 | 0.456 |
| November 1, 2010 | 8.928 | 5.798 | 4.040 | 2.776 | 2.067 | 1.264 | 0.878 | 0.671 | 0.455 | 0.309 |
| November 1, 2011 | 8.928 | 5.242 | 3.423 | 2.102 | 1.383 | 0.671 | 0.420 | 0.318 | 0.221 | 0.153 |
| November 1, 2012 | 8.928 | 5.029 | 3.145 | 1.657 | 0.705 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| November 1, 2013 | 8.928 | 4.891 | 3.009 | 1.563 | 0.659 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| November 1, 2014 | 8.928 | 4.771 | 2.885 | 1.489 | 0.628 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| November 1, 2015 | 8.928 | 4.540 | 2.614 | 1.303 | 0.542 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| November 1, 2016 | 8.928 | 4.150 | 2.065 | 0.915 | 0.367 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| November 1, 2017 | 8.928 | 3.904 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

The exact stock prices and effective dates may not be set forth in the table above, in which case:

If the stock price is between two stock price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the earlier and later effective dates, as applicable, based on a 365- or 366-day year, as applicable.

If the stock price is greater than \$125.00 per share (subject to adjustment), no additional shares will be added to the conversion rate.

If the stock price is less than \$29.04 per share (subject to adjustment), no additional shares will be added to the conversion rate.

Ranking: Senior unsecured

Capitalization: The following table sets forth our capitalization as of June 30, 2009 on an actual basis and as adjusted to give effect to the sale of the debentures:

| | As of June 30, 2009 | |
|--|----------------------------------|--------------------|
| | Actual | As Adjusted |
| | (Unaudited, in thousands) | |
| Long-Term Debt: | | |
| 7.75% Senior Debentures due 2012 | \$ 307,261 | \$ 307,261 |
| 5.875% Senior Debentures due 2014 | 248,718 | 248,718 |
| 5.50% Senior Debentures due 2016 | 348,774 | 348,774 |
| 6.45% Senior Debentures due 2027 | 346,385 | 346,385 |
| 6.25% Senior Debentures due 2036 | 492,489 | 492,489 |
| 8.50% Senior Debentures due 2019 (1) | 393,856 | 393,856 |
| 3.875% Contingent Convertible Senior Debentures offered hereby | | 239,300 |
| Total Long-Term Debt (1) | 2,137,483 | 2,376,783 |
| Mandatorily Redeemable Convertible Preferred Stock | 125,000 | 125,000 |
| Mandatorily Redeemable Preferred Interest of Consolidated Subsidiaries | 287,947 | 287,947 |
| Total Stockholders Equity | 2,432,976 | 2,469,976 |
| Total Capitalization | \$ 4,983,406 | \$ 5,259,706 |

(1) Does not reflect the issuance by us of \$300 million of our 8.50% Senior Debentures on September 25, 2009.

The Issuer has filed a registration statement (including a prospectus dated October 20, 2009, as supplemented by a preliminary prospectus supplement dated October 20, 2009) with the Securities and Exchange Commission, or SEC, for the offerings to which this communication relates. Before you invest, you should read the relevant preliminary prospectus supplement, the accompanying prospectus and the other documents the Issuer has filed with the SEC for more complete information about the Issuer and the offerings. You may get these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, copies may be obtained from Jefferies & Company, Inc., Attention: Syndicate Prospectus Department, 520 Madison Avenue, New York, NY 10022 or at (888) 449-2342.

This communication should be read in conjunction with the preliminary prospectus supplement dated October 20, 2009 and the accompanying prospectus. The information in this communication supersedes the information in the relevant preliminary prospectus supplement and the accompanying prospectus to the extent inconsistent with the information in such preliminary prospectus supplement and the accompanying prospectus.

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