MORGAN STANLEY
Form FWP
July 13, 2018

July 2018

Preliminary Terms No. 798

Registration Statement Nos. 333-221595; 333-221595-01

Dated July 13, 2018

Filed pursuant to Rule 433

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The Buffered PLUS offered are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The Buffered PLUS will pay no interest, provide a minimum payment at maturity of only 10% of the stated principal amount and have the terms described in the accompanying product supplement for PLUS, index supplement and prospectus, as supplemented or modified by this document. At maturity, if the underlying index has **appreciated** in value, investors will receive the stated principal amount of their investment plus leveraged upside performance of the underlying index, subject to the maximum payment at maturity. If the underlying index has **depreciated** in value, but the underlying index has not declined by more than the specified buffer amount, the Buffered PLUS will redeem for par. However, if the underlying index has declined by more than the buffer amount, investors will lose 1% for every 1% decline beyond the specified buffer amount, subject to the minimum payment at maturity of 10% of the stated principal amount. Investors may lose up to 90% of the stated principal amount of the Buffered PLUS. The Buffered PLUS are for investors who seek an equity index-based return and who are willing to risk their principal and forgo current income and upside above the maximum payment at maturity in exchange for the leverage and buffer features that in each case apply to a limited range of performance of the underlying index. The Buffered PLUS are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These Buffered PLUS are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

Summary Terms

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley

Maturity date:	February 3, 2021
Underlying index:	S&P 500® Index
Aggregate principal amount:	$
Payment at maturity per Buffered PLUS:	If the final index value is greater than the initial index value: $10 + leveraged upside payment *In no event will the payment at maturity exceed the maximum payment at maturity* If the final index value is less than or equal to the initial index value but has decreased from the initial index value by an amount less than or equal to the buffer amount of 10%: $10 If the final index value is less than the initial index value and has decreased from the initial index value by an amount greater than the buffer amount of 10%: ($10 x the index performance factor) + $1 *Under these circumstances, the payment at maturity will be less than the stated principal amount of $10. However, under no circumstances will the Buffered PLUS pay less than $1.00 per Buffered PLUS at maturity.*
Leveraged upside payment:	$10 × leverage factor × index percent increase
Index percent increase:	(final index value – initial index value) / initial index value
Initial index value:	, which is the index closing value on the pricing date
Final index value:	The index closing value on the valuation date
Valuation date:	January 29, 2021, subject to postponement for non-index business days and certain market disruption events
Leverage factor:	200%
Buffer amount:	10%. As a result of the buffer amount of 10%, the value at or above which the underlying index must close on the valuation date so that investors do not suffer a loss on their initial investment in the Buffered PLUS is , which is 90% of the initial index value.
Minimum payment at maturity:	$1.00 per Buffered PLUS (10% of the stated principal amount)
Index performance factor:	Final index value *divided* by the initial index value
Maximum payment at maturity:	$12.165 per Buffered PLUS (121.65% of the stated principal amount)

Stated principal amount:	$10 per Buffered PLUS
Issue price:	$10 per Buffered PLUS (see "Commissions and issue price" below)
Pricing date:	July 31, 2018
Original issue date:	August 3, 2018 (3 business days after the pricing date)
CUSIP:	61768R385
ISIN:	US61768R3856
Listing:	The Buffered PLUS will not be listed on any securities exchange.
Agent:	Morgan Stanley & Co. LLC ("MS & Co."), an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See "Supplemental information regarding plan of distribution; conflicts of interest."
Estimated value on the pricing date:	Approximately $9.682 per Buffered PLUS, or within $0.15 of that estimate. See "Investment Summary" beginning on page 2.

Commissions and issue price:	Price to public	Agent's commissions and fees	Proceeds to us[3]
Per Buffered PLUS	$10	$0.25[1]	
		$0.05[2]	$9.70
Total	$	$	$

(1) Selected dealers, including Morgan Stanley Wealth Management (an affiliate of the agent), and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $0.25 for each Buffered PLUS they sell. See "Supplemental information regarding plan of distribution; conflicts of interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying product supplement for PLUS.

(2) Reflects a structuring fee payable to Morgan Stanley Wealth Management by the agent or its affiliates of $0.05 for each Buffered PLUS.

(3) See "Use of proceeds and hedging" on page 13.

The Buffered PLUS involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 7.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Buffered PLUS are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

You should read this document together with the related product supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see “Additional Information About the Buffered PLUS” at the end of this document.

As used in this document, “we,” “us” and “our” refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

Product Supplement for PLUS dated November 16, 2017 **Index Supplement dated November 16, 2017**

Prospectus dated November 16, 2017

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities[SM]

Principal at Risk Securities

Investment Summary

Buffered Performance Leveraged Upside Securities

Principal at Risk Securities

The Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021 (the "Buffered PLUS") can be used:

§ As an alternative to direct exposure to the underlying index that enhances returns for a certain range of positive performance of the underlying index, subject to the maximum payment at maturity

§ To enhance returns and potentially outperform the underlying index in a moderately bullish scenario

§ To achieve similar levels of upside exposure to the underlying index as a direct investment, subject to the maximum payment at maturity, while using fewer dollars by taking advantage of the leverage factor.

§ To obtain a buffer against a specified level of negative performance in the underlying index

Maturity:	2 years and 6 months
Leverage factor:	200%
	$12.165 per Buffered PLUS (121.65% of the stated principal amount)

Maximum payment at maturity:	
Buffer amount:	10%, with 1-to-1 downside exposure below the buffer
Minimum payment at maturity:	$1.00 per Buffered PLUS (10% of the stated principal amount). Investors may lose up to 90% of the stated principal amount of the Buffered PLUS.
Coupon:	None

The original issue price of each Buffered PLUS is $10. This price includes costs associated with issuing, selling, structuring and hedging the Buffered PLUS, which are borne by you, and, consequently, the estimated value of the Buffered PLUS on the pricing date will be less than $10. We estimate that the value of each Buffered PLUS on the pricing date will be approximately $9.682, or within $0.15 of that estimate. Our estimate of the value of the Buffered PLUS as determined on the pricing date will be set forth in the final pricing supplement.

What goes into the estimated value on the pricing date?

In valuing the Buffered PLUS on the pricing date, we take into account that the Buffered PLUS comprise both a debt component and a performance-based component linked to the underlying index. The estimated value of the Buffered PLUS is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying index, instruments based on the underlying index, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the Buffered PLUS?

In determining the economic terms of the Buffered PLUS, including the leverage factor, the maximum payment at maturity, the buffer amount and the minimum payment at maturity, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the Buffered PLUS would be more favorable to you.

What is the relationship between the estimated value on the pricing date and the secondary market price of the Buffered PLUS?

The price at which MS & Co. purchases the Buffered PLUS in the secondary market, absent changes in market conditions, including those related to the underlying index, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the Buffered PLUS are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the Buffered PLUS in the secondary market, absent changes in market conditions,

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

including those related to the underlying index, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the Buffered PLUS, and, if it once chooses to make a market, may cease doing so at any time.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

Key Investment Rationale

The Buffered PLUS offer leveraged upside exposure to the underlying index, subject to the maximum payment at maturity, while providing limited protection against negative performance of the underlying index. Once the underlying index has decreased in value by more than the specified buffer amount, investors are exposed to the negative performance of the underlying index, subject to the minimum payment at maturity. At maturity, if the underlying index has appreciated, investors will receive the stated principal amount of their investment plus leveraged upside performance of the underlying index, subject to the maximum payment at maturity. At maturity, if the underlying index has depreciated and (i) if the final index value of the underlying index has not declined from the initial index value by more than the specified buffer amount, the Buffered PLUS will redeem for par, or (ii) if the final index value of the underlying index has declined by more than the buffer amount, the investor will lose 1% for every 1% decline beyond the specified buffer amount, subject to the minimum payment at maturity. **Investors may lose up to 90% of the stated principal amount of the Buffered PLUS.**

Leveraged Performance	The Buffered PLUS offer investors an opportunity to capture enhanced returns for a certain range of positive performance relative to a direct investment in the underlying index.
Upside Scenario	The underlying index increases in value, and, at maturity, the Buffered PLUS redeem for the stated principal amount of $10 plus 200% of the index percent increase, subject to the maximum payment at maturity of $12.165 per Buffered PLUS (121.65% of the stated principal amount).
Par Scenario	The underlying index declines in value by no more than 10%, and, at maturity, the Buffered PLUS redeem for the stated principal amount of $10.
Downside Scenario	The underlying index declines in value by more than 10%, and, at maturity, the Buffered PLUS redeem for less than the stated principal amount by an amount that is proportionate to the percentage decrease of the underlying index from the initial index value, plus the buffer amount of 10%. (Example: if the underlying index decreases in value by 35%, the Buffered PLUS will redeem for $7.50, or 75% of the stated principal amount.) The minimum payment at maturity is $1 per Buffered PLUS.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

How the Buffered PLUS Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the Buffered PLUS based on the following terms:

Stated principal amount:	$10 per Buffered PLUS
Leverage factor:	200%
Buffer amount:	10%
Maximum payment at maturity:	$12.165 per Buffered PLUS (121.65% of the stated principal amount)
Minimum payment at maturity:	$1 per Buffered PLUS

Buffered PLUS Payoff Diagram

How it works

§ **Upside Scenario.** If the final index value is greater than the initial index value, investors will receive the $10 stated principal amount *plus* 200% of the appreciation of the underlying index over the term of the Buffered PLUS, subject to the maximum payment at maturity. Under the terms of the Buffered PLUS, an investor will realize the maximum payment at maturity of $12.165 per Buffered PLUS (121.65% of the stated principal amount) at a final index value of 110.825% of the initial index value.

- § If the underlying index appreciates 2%, the investor would receive a 4% return, or $10.40 per Buffered PLUS.
- § If the underlying index appreciates 40%, the investor would receive only the maximum payment at maturity of $12.165 per Buffered PLUS, or 121.65% of the stated principal amount.

§ **Par Scenario.** If the final index value is less than or equal to the initial index value but has decreased from the initial index value by an amount less than or equal to the buffer amount of 10%, investors will receive the stated principal amount of $10 per Buffered PLUS.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

§ If the underlying index depreciates 5%, investors will receive the $10 stated principal amount.

§ **Downside Scenario.** If the final index value is less than the initial index value and has decreased from the initial index value by an amount greater than the buffer amount of 10%, investors will receive an amount that is less than the stated principal amount by an amount that is proportionate to the percentage decrease of the value of the underlying index from the initial index value, plus the buffer amount of 10%. The minimum payment at maturity is $1 per Buffered PLUS.

§ For example, if the underlying index depreciates 40%, investors would lose 30% of their principal and receive only $7 per Buffered PLUS at maturity, or 70% of the stated principal amount.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

Risk Factors

The following is a non-exhaustive list of certain key risk factors for investors in the Buffered PLUS. For further discussion of these and other risks, you should read the section entitled "Risk Factors" in the accompanying product supplement for PLUS, index supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers in connection with your investment in the Buffered PLUS.

§ **Buffered PLUS do not pay interest and provide a minimum payment at maturity of only 10% of your principal.** The terms of the Buffered PLUS differ from those of ordinary debt securities in that the Buffered PLUS do not pay interest, and provide a minimum payment at maturity of only 10% of the stated principal amount of the Buffered PLUS, subject to our credit risk. If the final index value is less than 90% of the initial index value, you will receive for each Buffered PLUS that you hold a payment at maturity that is less than the stated principal amount of each Buffered PLUS by an amount proportionate to the decline in the closing value of the underlying index from the initial index value, plus $1 per Buffered PLUS. **Accordingly, investors may lose up to 90% of the stated principal amount of the Buffered PLUS.**

§ **The appreciation potential of the Buffered PLUS is limited by the maximum payment at maturity.** The appreciation potential of the Buffered PLUS is limited by the maximum payment at maturity of $12.165 per Buffered PLUS, or 121.65% of the stated principal amount. Although the leverage factor provides 200% exposure to any increase in the final index value over the initial index value, because the payment at maturity will be limited to 121.65% of the stated principal amount for the Buffered PLUS, any increase in the final index value over the initial index value by more than 10.825% of the initial index value will not further increase the return on the Buffered PLUS.

§ **The market price of the Buffered PLUS will be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, will influence the value of the Buffered PLUS in the secondary market and the price at which MS & Co. may be willing to purchase or sell the Buffered PLUS in the secondary market, including the value, volatility (frequency and magnitude of changes in value) and dividend yield of the underlying index, interest and yield rates in the market, time remaining until the Buffered PLUS mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying index or equities markets generally and which may affect the final index value of the underlying index and any actual or anticipated changes in our credit ratings or credit spreads. The value of the underlying index may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. See "S&P 500® Index Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per Buffered PLUS if you try to sell your Buffered PLUS prior to maturity.

§ **The Buffered PLUS are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the Buffered PLUS.** You are dependent on our ability to pay all amounts due on the Buffered PLUS at maturity and therefore you are subject to our credit risk. If we default on our obligations under the Buffered PLUS, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the Buffered PLUS prior to maturity will be affected by changes in the market's view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the Buffered PLUS.

§ **As a finance subsidiary, MSFL has no independent operations and will have no independent assets.** As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

§ **The amount payable on the Buffered PLUS is not linked to the value of the underlying index at any time other than the valuation date.** The final index value will be based on the index closing value on the valuation date, subject to postponement for non-index business days and certain market disruption events. Even if the value of the underlying index appreciates prior to the valuation date but then drops by the valuation date by more than 10% of the initial index value, the payment at maturity will be less, and may be significantly less, than it would have been had the payment at maturity been linked to the value of the underlying index prior to such drop. Although the actual value of the underlying index on the stated maturity date or at other times during the term of the Buffered PLUS may be higher than the index closing value on the valuation date, the payment at maturity will be based solely on the index closing value on the valuation date.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

§ **Investing in the Buffered PLUS is not equivalent to investing in the underlying index.** Investing in the Buffered PLUS is not equivalent to investing in the underlying index or its component stocks. As an investor in the Buffered PLUS, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index.

§ **The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the Buffered PLUS in the original issue price reduce the economic terms of the Buffered PLUS, cause the estimated value of the Buffered PLUS to be less than the original issue price and will adversely affect secondary market prices.** Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the Buffered PLUS in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the Buffered PLUS in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the Buffered PLUS less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the Buffered PLUS are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the Buffered PLUS in the secondary market, absent changes in market conditions, including those related to the underlying index, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

§ **Adjustments to the underlying index could adversely affect the value of the Buffered PLUS.** The underlying index publisher may add, delete or substitute the stocks constituting the underlying index or make other methodological changes that could change the value of the underlying index. The underlying index publisher may discontinue or suspend calculation or publication of the underlying index at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued underlying index and is not precluded from considering indices that are calculated and published by the calculation agent or any of its affiliates. If the calculation agent determines that there is no appropriate successor index, the payment at maturity on the Buffered PLUS will be an amount based on the closing prices at maturity of the securities composing the underlying index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the underlying index last in effect prior to discontinuance of the underlying index.

§ **The estimated value of the Buffered PLUS is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price.** These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the Buffered PLUS than those generated by others, including other dealers in the market, if they attempted to value the Buffered PLUS. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your Buffered PLUS in the secondary market (if any exists) at any time. The value of your Buffered PLUS at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The market price of the Buffered PLUS will be influenced by many unpredictable factors” above.

§ **The Buffered PLUS will not be listed on any securities exchange and secondary trading may be limited.** The Buffered PLUS will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the Buffered PLUS. MS & Co. may, but is not obligated to, make a market in the Buffered PLUS and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the Buffered PLUS, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the Buffered PLUS. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Buffered PLUS easily. Since other broker-dealers may not participate significantly in the secondary market for the Buffered PLUS, the price at which you may be able to trade your Buffered PLUS is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the Buffered PLUS, it is likely that there would be no secondary market for the Buffered PLUS. Accordingly, you should be willing to hold your Buffered PLUS to maturity.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the Buffered PLUS.** As calculation agent, MS & Co. will determine the initial index value and the final index value, and will calculate the amount of cash you receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the final index value in the event of a market disruption event or discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see "Description of PLUS—Postponement of Valuation Date(s)" and "—Calculation Agent and Calculations" and related definitions in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the Buffered PLUS on the pricing date.

§ **Hedging and trading activity by our affiliates could potentially adversely affect the value of the Buffered PLUS.** One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the Buffered PLUS (and to other instruments linked to the underlying index or its component stocks), including trading in the stocks that constitute the underlying index as well as in other instruments related to the underlying index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the Buffered PLUS, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the valuation date approaches. Some of our affiliates also trade the stocks that constitute the underlying index and other financial instruments related to the underlying index on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially increase the initial index value, and, therefore, could increase the value at or above which the underlying index must close on the valuation date so that investors do not suffer a loss on their initial investment in the Buffered PLUS. Additionally, such hedging or trading activities during the term of the Buffered PLUS, including on the valuation date, could adversely affect the closing value of the underlying index on the valuation date, and, accordingly, the amount of cash an investor will receive at maturity.

§ **The U.S. federal income tax consequences of an investment in the Buffered PLUS are uncertain.** Please read the discussion under "Additional provisions—Tax considerations" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement for PLUS (together, the "Tax Disclosure Sections") concerning the U.S. federal income tax consequences of an investment in the Buffered PLUS. If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment, the timing and character of income on the Buffered PLUS might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the Buffered PLUS as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the Buffered PLUS every year at a "comparable yield" determined at the time of issuance and recognize all income and gain in respect of the Buffered PLUS as ordinary income. Additionally, as discussed under "United States Federal Taxation—FATCA" in the accompanying product supplement for PLUS, the withholding rules commonly referred to as “FATCA” would apply to the Buffered PLUS if they were recharacterized as debt instruments. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the Buffered PLUS, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding the tax treatment of the Buffered PLUS, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Buffered PLUS, possibly with retroactive effect. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Buffered PLUS, including possible alternative treatments, the issues presented by this notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

S&P 500® Index Overview

The S&P 500® Index, which is calculated, maintained and published by S&P Dow Jones Indices LLC ("S&P"), consists of stocks of 500 component companies selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500® Index is based on the relative value of the float adjusted aggregate market capitalization of the 500 component companies as of a particular time as compared to the aggregate average market capitalization of 500 similar companies during the base period of the years 1941 through 1943. For additional information about the S&P 500® Index, see the information set forth under "S&P 500® Index" in the accompanying index supplement.

Information as of market close on July 11, 2018:

Bloomberg Ticker Symbol:	SPX
Current Index Value:	2,774.02
52 Weeks Ago:	2,425.53
52 Week High (on 1/26/2018):	2,872.87
52 Week Low (on 7/6/2017):	2,425.53

The following graph sets forth the daily index closing values of the underlying index for each quarter in the period from January 1, 2013 through July 11, 2018. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the underlying index for each quarter in the same period. The index closing value of the underlying index on July 11, 2018 was 2,774.02. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The underlying index has at times experienced periods of high volatility. You should not take the historical values of the underlying index as an indication of its future performance, and no assurance can be given as to the index closing value of the underlying index on the valuation date.

S&P 500® Index Daily Index Closing Values

January 1, 2013 to July 11, 2018

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

S&P 500® Index	High	Low	Period End
2013			
First Quarter	1,569.19	1,457.15	1,569.19
Second Quarter	1,669.16	1,541.61	1,606.28
Third Quarter	1,725.52	1,614.08	1,681.55
Fourth Quarter	1,848.36	1,655.45	1,848.36
2014			
First Quarter	1,878.04	1,741.89	1,872.34
Second Quarter	1,962.87	1,815.69	1,960.23
Third Quarter	2,011.36	1,909.57	1,972.29
Fourth Quarter	2,090.57	1,862.49	2,058.90
2015			
First Quarter	2,117.39	1,992.67	2,067.89
Second Quarter	2,130.82	2,057.64	2,063.11
Third Quarter	2,128.28	1,867.61	1,920.03
Fourth Quarter	2,109.79	1,923.82	2,043.94
2016			
First Quarter	2,063.95	1,829.08	2,059.74
Second Quarter	2,119.12	2,000.54	2,098.86
Third Quarter	2,190.15	2,088.55	2,168.27
Fourth Quarter	2,271.72	2,085.18	2,238.83
2017			
First Quarter	2,395.96	2,257.83	2,362.72
Second Quarter	2,453.46	2,328.95	2,423.41
Third Quarter	2,519.36	2,409.75	2,519.36
Fourth Quarter	2,690.16	2,529.12	2,673.61
2018			
First Quarter	2,872.87	2,581.00	2,640.87
Second Quarter	2,786.85	2,581.88	2,718.37
Third Quarter (through July 11, 2018)	2,793.84	2,713.22	2,774.02

"Standard & Poor's®," "S&P®," "S&P 500®," "Standard & Poor's 500" and "500" are trademarks of Standard and Poor's Financial Services LLC. See "S&P 500® Index" in the accompanying index supplement.

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

Additional Information About the Buffered PLUS

Please read this information in conjunction with the summary terms on the front cover of this document.

Additional Provisions:	
Underlying index publisher:	S&P Dow Jones Indices LLC
Interest:	None
Bull market or bear market PLUS:	Bull market PLUS
Postponement of maturity date:	If the scheduled valuation date is not an index business day or if a market disruption event occurs on that day so that the valuation date as postponed falls less than two business days prior to the scheduled maturity date, the maturity date of the Buffered PLUS will be postponed to the second business day following that valuation date as postponed.
Denominations:	$10 per Buffered PLUS and integral multiples thereof
Minimum ticketing size:	$1,000 / 100 Buffered PLUS
Tax considerations:	Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the Buffered PLUS due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP, under current law, and based on current market conditions, a Buffered PLUS should be treated as a single financial contract that is an "open transaction" for U.S. federal income tax purposes. Assuming this treatment of the Buffered PLUS is respected and subject to the discussion in "United States Federal Taxation" in the accompanying product supplement for PLUS, the following U.S. federal income tax consequences should result based on current law: § A U.S. Holder should not be required to recognize taxable income over the term of the Buffered PLUS prior to settlement, other than pursuant to a sale or exchange. § Upon sale, exchange or settlement of the Buffered PLUS, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized and the U.S. Holder's tax basis in the Buffered PLUS. Such gain or loss should be long-term capital gain or loss if the investor has held the Buffered PLUS for more than one year, and short-term capital gain or loss otherwise. In 2007, the U.S. Treasury Department and the Internal Revenue Service (the "IRS") released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and

similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Buffered PLUS, possibly with retroactive effect.

As discussed in the accompanying product supplement for PLUS, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an "Underlying Security"). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a "Specified Security"). However, pursuant to an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2019 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the Buffered PLUS do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the Buffered PLUS should not be Specified Securities and, therefore, should not be subject to Section 871(m).

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. If withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld. You should consult your tax adviser regarding the potential application of Section 871(m) to the Buffered PLUS.

Both U.S. and non-U.S. investors considering an investment in the Buffered PLUS should read the discussion under "Risk Factors" in this document and the discussion under "United States Federal

Morgan Stanley Finance LLC

Buffered PLUS Based on the Value of the S&P 500® Index due February 3, 2021

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

	Taxation" in the accompanying product supplement for PLUS and consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Buffered PLUS, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.
	The discussion in the preceding paragraphs under "Tax considerations" and the discussion contained in the section entitled "United States Federal Taxation" in the accompanying product supplement for PLUS, insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the Buffered PLUS.
Trustee:	The Bank of New York Mellon
Calculation agent:	MS & Co.
Use of proceeds and hedging:	The proceeds from the sale of the Buffered PLUS will be used by us for general corporate purposes. We will receive, in aggregate, \$10 per Buffered PLUS issued, because, when we enter into hedging transactions in order to meet our obligations under the Buffered PLUS, our hedging counterparty will reimburse the cost of the agent's commissions. The costs of the Buffered PLUS borne by you and described beginning on page 2 above comprise the agent's commissions and the cost of issuing, structuring and hedging the Buffered PLUS.
	On or prior to the pricing date, we will hedge our anticipated exposure in connection with the Buffered PLUS by entering into hedging transactions with our affiliates and/or third party dealers. We expect our hedging counterparties to take positions in stocks of the underlying index, futures and options contracts on the underlying index and any component stocks of the underlying index listed on major securities markets or positions in any other available securities or instruments that they may wish to use in connection with such hedging. Such purchase activity could potentially increase the value of the underlying index on the pricing date, and, therefore, could increase the value at or above which the underlying index must close on the valuation date so that investors do not suffer a loss on their initial investment in the Buffered PLUS. In

additi="margin-left:15px; text-indent:-15px">Cash flow from financing activities

Long-term loans raised		2 098
Long-term loans repaid	(1 286)	(1 802)
Ordinary shares issued net of expenses	988	24
Cash generated/(utilised) by financing activities	(298)	320
Foreign currency translation adjustments	(115)	36
Net increase/(decrease) in cash and cash equivalents	1 231	(59)
Cash and cash equivalents beginning of period	415	494
Cash and cash equivalents end of period	1 646	435

Table of Contents

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

1. Accounting policies

(a) Basis of accounting

The condensed consolidated interim financial statements for the period ended 31 December 2008 have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS), which are consistent with the accounting policies used in the audited annual financial statements for the year ended 30 June 2008. These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements for the year ended 30 June 2008.

2. Cost of sales

		Quarter ended	
	December 2008 (Unaudited) R million	September 2008 (Unaudited) R million	December 2007 (Unaudited) R million
Production costs	2 033	1 874	1 687
Amortisation and depreciation	310	308	228
Provision for rehabilitation costs	4	6	
Care and maintenance cost of restructured shafts	10	12	10
Employment termination and restructuring costs	16	12	75
Share-based compensation	9	13	9
Provision for post-retirement benefits	1		
Total cost of sales	2 383	2 225	2 009

	Six months ended	
	December 2008 R million	December 2007 R million
Production costs	3 907	3 531
Amortisation and depreciation	618	429
Provision for rehabilitation costs	10	
Care and maintenance cost of restructured shafts	22	19
Employment termination and restructuring costs	28	75
Share-based compensation	22	19
Provision for post-retirement benefits	1	
Total cost of sales	4 608	4 073

3. Other income/(expenses) net

Included in other income/(expenses) in the September 2008 quarter is R523 million profit on sale of 30.01% of Harmony s Papua New Guinea gold and copper assets to Newcrest Mining Limited.

4. Non-current assets held for sale and discontinued operations

The assets and liabilities related to Mount Magnet (operations in Australia) have been presented as held for sale following approval of the Group s management and Board of Directors on 20 April 2007. During fiscal 2008, we entered into an agreement with Monarch Gold Mining Company (Monarch) for the sale of these operations. However, during July 2008 we were advised that Monarch had placed itself in voluntary administration and on 1 August 2008 the Administrator indicated that Monarch would not proceed with the proposed purchase, and consequently the purchase agreement has been terminated. Management is still intent on the disposal of Mount Magnet despite the asset being classified as held for sale for more than 12 months.

The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and relating surface operations (operations in the Gauteng area) have been presented as held for sale following the approval of the Group s management on 16 October 2007. These operations were also deemed to be discontinued operations.

Table of Contents

The conditions precedent on the sale of Randfontein s Cooke assets to Rand Uranium have been fulfilled and the transaction became effective on 21 November 2008.

In exchange for 60% of the issued share capital of Rand Uranium, Harmony received US$40 million out of the total purchase consideration of US$209 million on the effective date of the transaction. A further US$157 million, plus interest thereon at 5% per annum, will be received by 22 April 2009. The balance of the purchase consideration of approximately US$12 million is due as soon as the second stage of the transaction, which relates to its Old Randfontein assets, is finalised, which is anticipated to be on or shortly after 22 April 2009. Pamodzi Resources Fund 1, LLP s (PRF) investors, affiliates of First Reserve and AMCI Capital, have provided Harmony with a guarantee in respect of the payment of the above amounts. In addition, PRF pledged its shares in Rand Uranium to Harmony as security for RPF s obligation to pay the purchase consideration to Harmony.

As a result of the transaction, the Group recognised a profit on sale of assets of R1 722 million before tax in the income statement in the December 2008 quarter.

Included in profit/(loss) from discontinued operations for the September 2008 quarter is an impairment charge for the Mount Magnet assets for R152 million, relating to the decrease in the fair value less cost to sell.

5. Earnings/(loss) per ordinary share

Earnings/(loss) per ordinary share is calculated on the weighted average number of ordinary shares in issue for the quarter ended 31 December 2008: 406.8 million (30 September 2008: 403.1 million, 31 December 2007: 399.8 million) and the six months ended 31 December 2008: 405.0 million (31 December 2007: 399.7 million).

The fully diluted earnings/(loss) per ordinary share is calculated on weighted average number of diluted ordinary shares in issue for the quarter ended 31 December 2008: 409.1 million (30 September 2008: 404.6 million, 31 December 2007: 402.1 million) and the six months ended 31 December 2008: 407.1 (31 December 2007: 402.4 million)

		Quarter ended	
	December 2008 (Unaudited) R million	September 2008 (Unaudited) R million	December 2007 (Unaudited) R million
Total earnings/(loss) per ordinary share (cents):			
Basic earnings/(loss)	324	100	11
Fully diluted earnings/(loss)	323	99	11
Headline earnings/(loss)	121	24	14
Continuing operations	101	8	(48)
Discontinued operations	20	16	62
Reconciliation of headline earnings/(loss):			
Continuing operations			
Net profit/(loss)	332	474	(216)
Adjusted for (net of tax):			
Loss/(profit) on sale of property, plant and equipment	78	(553)	(29)
Loss on sale of listed investment			
Profit on sale of associate		(1)	
Impairment of investment in associates		112	
Provision for doubtful debt			53
Headline profit/(loss)	410	32	(192)
Discontinued operations			
Net profit/(loss)	984	(72)	262
Adjusted for (net of tax):			
(Profit)/loss on sale of property, plant and equipment	(901)	(14)	51

Impairment of property, plant and equipment	(1)	152	(66)
Headline profit	82	66	247
Total headline profit/(loss)	492	98	55

Table of Contents

	Six months ended December 2008 R million	Six months ended December 2007 R million
Total earnings/(loss) per ordinary share (cents):		
Basic earnings/(loss)	424	(131)
Fully diluted earnings/(loss)	422	(130)
Headline earnings/(loss)	145	(27)
Continuing operations	109	(83)
Discontinued operations	36	56
Reconciliation of headline earnings/(loss):		
Continuing operations		
Net profit/(loss)	806	(750)
Adjusted for (net of tax):		
Loss/(profit) on sale of property, plant and equipment	(476)	(27)
Loss on sale of listed investment		392
Profit on sale of associate		
Impairment of investment in associates	112	
Provision for doubtful debt		53
Headline profit/(loss)	442	(332)
Discontinued operations		
Net profit/(loss)	912	230
Adjusted for (net of tax):		
(Profit)/loss on sale of property, plant and equipment	(915)	51
Impairment of property, plant and equipment	151	(59)
Headline profit	148	222
Total headline profit/(loss)	590	(110)

6. Investment in associate

Harmony Gold Mining Company owns 32.4% of Pamodzi Gold Limited. At 30 September 2008, management tested for impairment of the investment in associate and an amount of R112 million was impaired. During the December 2008 quarter the Group recognised a loss of R34 million, its share of the associate loss, resulting in a carrying value of R0.

On 21 November 2008, Harmony Group sold 60% of the issued share capital of Rand Uranium to PRF. Refer to note 4 for details. This resulted in the Group owning 40% of Rand Uranium. The book value of the investment at 31 December 2008 was R228 million.

7. Cash and cash equivalents Comprises of:

	December 2008 R million	September 2008 (Unaudited) R million	June 2008 (Audited) R million
Continuing operations	1 645	1186	413
Discontinued operations	1		2
Total cash and cash equivalents	1 646	1 186	415

Table of Contents

8. Borrowings

	December 2008	September 2008 (Unaudited)	June 2008 (Audited)
	R million	R million	R million
Unsecured borrowings			
Convertible unsecured fixed rate bonds	1 672	1 649	1 626
Africa Vanguard Resources (Proprietary) Limited	32	32	32
	1 704	1 681	1 658
Less: Short-term portion	(1 672)	(1 649)	(1 626)
Total unsecured long-term borrowings	32	32	32
Secured borrowings			
Westpac Bank Limited*	198	183	258
Africa Vanguard Resources (Doornkop) (Pty) Limited (Nedbank Limited)	209	201	194
Nedbank Limited	750	1 482	2 000
Less: Unamortised transaction costs	(2)	(8)	(11)
	1 155	1 858	2 441
Less: Short-term portion	(999)	(1 714)	(2 231)
Total secured long-term borrowings	156	144	210
Total long-term borrowings	188	176	242
Total current portion of borrowings	2 671	3 363	3 857
Total long-term borrowings	2 859	3 539	4 099

* The future minimum lease payments to Westpac Bank Limited are as follows:

	December 2008	September 2008 (Unaudited)	June 2008 (Audited)
	R million	R million	R million
Due within one year	63	46	57
Due between two and five years	156	156	228
	219	202	285
Future finance charges	(21)	(19)	(27)
Total future minimum lease payments	198	183	258

9. Commitments and contingencies

	December 2008	September 2008 (Unaudited)	June 2008 (Audited)
	R million	R million	

			R million
Capital expenditure commitments			
Contracts for capital expenditure	692	512	1 164
Authorised by the directors but not contracted for	1 689	2 132	1 720
	2 381	2 644	2 884
This expenditure will be financed from existing resources and where appropriate, borrowings.			
Contingent liabilities	18	18	18
Guarantees and suretyships	305	303	171
Environmental guarantees	323	321	189

Table of Contents

Contingent liability

On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be named as a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony s American Depositary Receipts (ADRs). Harmony has retained legal counsel, who will advise Harmony on further developments in the U.S.

10. Share capital

Wafi-Golpu royalty

On 1 December 2008, Harmony issued 3 364 675 shares to Rio Tinto Limited. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of issued shares was R242 million (US$24 million) at R71.98 per share.

Capital raising

Harmony engaged in capital raising between 25 November 2008 and 19 December 2008 by issuing shares into the open market following the resolution passed by shareholders at the Annual General Meeting held on 24 November 2008. In the capital raising, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million before costs being raised. The number of shares issued is equivalent to 2.6% of Harmony s issued share capital. The cost of the issue was R15 million or 1.5% of the value of shares issued.

11. Segment report

The Group early adopted IFRS 8 Operating Segments in the 2008 financial year. The standard requires a management approach , under which segment information is presented on the same basis as that used for internal reporting to the chief operating decision maker (CODM).

The Group has only one product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts managed by a single general manager and management team.

After applying the quantitative thresholds from the standard, the reportable segments were determined as: Tshepong, Phakisa, Bambanani, Masimong, Target, Doornkop, Elandsrand, Evander, Virginia, Cooke (held for sale and discontinued) and Papua New Guinea. All other operating segments have been grouped together under other underground or other surface, under their classification as either continuing or discontinued.

The comparative segment reports have been restated for these changes.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the cash operating profit or loss. Therefore, cash operating profit has been disclosed in the segment report

Table of Contents

as the measure of profit or loss.

The CODM does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

12. Review report

The condensed consolidated financial statements for the six months ended 31 December 2008 have been reviewed in accordance with International Standards on Review Engagements 2410 Review of interim financial information performed by the Independent Auditors of the entity by PricewaterhouseCoopers Inc. Their unqualified review opinion is available for inspection at the Company s registered office.

SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 (Rand/Metric)

Continuing operations	Revenue	Production cost	Operating profit
South Africa	R million	R million	R million
Underground			
Tshepong	903	501	402
Phakisa	60	43	17
Bambanani	509	342	167
Doornkop	157	138	19
Elandsrand	720	565	155
Target	296	250	46
Masimong	592	336	256
Evander	804	522	282
Virginia	1 043	758	285
Other(1)	271	190	81
Surface			
Other (2)	473	262	211
Total South Africa	5 828	3 907	1 921
International			
Papua New Guinea(3)			
Total international			
Total continuing operations	5 828	3 907	1 921
Discontinued operations			
Cooke	614	447	167
Total discontinued operations	614	447	167
Total operations	6 442	4 354	2 088

Table of Contents

Continuing operations South Africa	Capital expenditure R million	Kilograms sold	Tonnes milled t 000
Underground			
Tshepong	117	3 833	697
Phakisa	237	254	66
Bambanani	20	2 180	264
Doornkop	217	657	253
Elandsrand	211	3 086	503
Target	166	1 281	318
Masimong	68	2 485	457
Evander	111	3 425	610
Virginia	82	4 387	1 149
Other(1)	24	1 155	275
Surface			
Other (2)	31	2 014	4 198
Total South Africa	1 284	24 757	8 790
International			
Papua New Guinea(3)	933		
Total international	933		
Total continuing operations	2 217	24 757	8 790
Discontinued operations			
Cooke	87	2 667	1 287
Total discontinued operations	87	2 667	1 287
Total operations	2 304	27 424	10 077

Notes:

(1) Includes Joel and St Helena.

(2) Includes Kalgold, Phoenix and Dumps.

(3) Included in the capital expenditure is an amount of R694 million contributed by Newcrest in terms of the farm-in agreement.

SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2007 (Rand/Metric)

Continuing operations	Revenue	Production cost	Operating profit/(loss)
South Africa	R million	R million	R million
Underground			
Tshepong	738	482	256
Phakisa	3	4	(1)
Bambanani	472	427	45
Doornkop	138	120	18
Elandsrand	371	374	(3)
Target	229	170	59
Masimong	326	354	(28)
Evander	714	502	212
Virginia	707	668	39
Other (1)	183	220	(37)
Surface			
Other (2)	374	210	164
Total South Africa	4 255	3 531	724
International			
Papua New Guinea			
Total international			
Total continuing operations	4 255	3 531	724
Discontinued operations			
Cooke	681	467	214
Other	759	657	102
Total discontinued operations	1 440	1 124	316
Total operations	5 695	4 655	1 040

Continuing operations South Africa	Capital expenditure R million	Kilograms sold	Tonnes milled t 000
Underground			
Tshepong	102	4 547	774
Phakisa	123	18	6
Bambanani	64	2 870	537
Doornkop	165	846	248
Elandsrand	140	2 329	383
Target	84	1 413	310
Masimong	63	2 001	444
Evander	133	4 420	734
Virginia	81	4 319	1 138
Other (1)	26	1 134	258
Surface			
Other (2)	70	2 289	4 195
Total South Africa	1 051	26 186	9 027
International			
Papua New Guinea	436		
Total international	436		
Total continuing operations	1 487	26 186	9 027
Discontinued operations			
Cooke	79	4 158	1 801
Other	145	4 683	1 685
Total discontinued operations	224	8 841	3 486
Total operations	1 711	35 027	12 513

Notes:

(1) Includes Joel and St Helena.

(2) Includes Kalgold, Phoenix and Dumps.

This report was approved by the Board of Directors and is signed on their behalf by:

G Briggs	F Abbott	Randfontein
Chief Executive Officer	Interim Financial Director	6 February 2009

CONTACT DETAILS

HARMONY GOLD MINING COMPANY LIMITED

Corporate Office

Randfontein Office Park

PO Box 2

Randfontein, 1760

South Africa

Corner Main Reef Road
and Ward Avenue
Randfontein, 1759
Johannesburg
South Africa
Telephone: +27 11 411 2000

Website: http://www.harmony.co.za

Table of Contents

Investor Relations Team
Marian van der Walt
Executive: Corporate and Investor Relations
Telephone: +27 11 411 2037
Fax: +27 86 614 0999
Mobile: +27 82 888 1242
E-mail: marian@harmony.co.za
Esha Brijmohan
Investor Relations Officer
Telephone: +27 11 411 2314
Fax: +27 11 692 3879
Mobile: +27 82 922 4584
E-mail: esha@harmony.co.za
Company Secretary
Khanya Maluleke
Telephone: +27 11 411 2019
Fax: +27 11 411 2070
E-mail: khanya.maluleke@harmony.co.za
South African Share Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
5th Floor, 11 Diagonal Street
Johannesburg, 2001
PO Box 4844
Johannesburg, 2000
South Africa
Telephone: +27 86 154 6572
Fax: +27 11 834 4389
ADR Depositary
The Bank of New York Mellon Inc
101 Barclay Street
New York, NY 10286
United States of America
Telephone: +1888-BNY-ADRS
Fax: +1 212 571 3050
Directors
P T Motsepe (Chairman)*
G Briggs (Chief Executive Officer)
F Abbott (Interim Financial Director)
J A Chissano*1
F F T De Buck*, Dr C Diarra*+,
K V Dicks*, Dr D S Lushaba*, C Markus*,
M Motloba*, C M L Savage*, A J Wilkens*

(* non-executive)
(1 Mozambican)
(+ US/Mali Citizen)
United Kingdom Registrars

Capita Registrars
The Registry
34 Beckenham Road
Bechenham
Kent BR3 4TU
United Kingdom
Telephone: +44 870 162 3100
Fax: +44 208 636 2342