

Jefferies Group LLC
Form 424B2
March 09, 2018
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SUBJECT TO COMPLETION, DATED MARCH 9, 2018

PRELIMINARY PRICING SUPPLEMENT

(to Prospectus dated February 4, 2016)

\$

Jefferies Group LLC

Senior Fixed to Floating Rate Notes With Contingent Digital Coupon due March 29, 2038

Based on 3-Month USD LIBOR

As further described below, interest will accrue and be payable quarterly, in arrears, (i) from the Original Issue Date to, but excluding, March 29, 2021 at a rate of 7.00% per annum and (ii) from and including March 29, 2021 to, but excluding, the stated maturity date (March 29, 2038), at a variable rate per annum. The variable rate per annum will depend on the Reference Rate as compared to the Digital Coupon Strike, as further described below. The variable rate per annum is subject to the Minimum Interest Rate of 0.00% per annum. In no event will the variable rate per annum be greater than the Digital Coupon Payoff of 7.00% per annum.

SUMMARY OF TERMS

Issuers:	Jefferies Group LLC and Jefferies Group Capital Finance Inc., its wholly owned subsidiary.
Title of the Notes:	Senior Fixed to Floating Rate Notes With Contingent Digital Coupon due March 29, 2038 Based on 3-Month USD LIBOR
Aggregate Principal Amount:	\$. We may increase the Aggregate Principal Amount prior to the Original Issue Date but are not required to do so.
Issue Price:	At variable prices. The Notes will be offered at a price equal to 100% of the Stated Principal Amount per Note until the initial pricing date, which is , 2018. Thereafter, the Notes will be offered from time to time in one or more negotiated transactions at varying prices to be determined at the time of each sale, which may be at market prices prevailing, at prices related to such prevailing prices or at negotiated prices, subject to a maximum price of 100% of the Stated Principal Amount per Note.
Stated Principal Amount	\$1,000 per note
Pricing Date:	, 2018
Original Issue Date:	March 29, 2018 (Business Days after the Pricing Date)
Maturity Date:	March 29, 2038
Interest Accrual Date:	March 29, 2018
Payment at Maturity	The Payment at Maturity per Note will be the Stated Principal Amount plus accrued and unpaid interest, if any.
Reference Rate	3-Month USD LIBOR. Please see The Notes below.
Interest Rate	From and including the Original Issue Date to, but excluding, March 29, 2021: 7.00% per annum. From and including March 29, 2021 to, but excluding, March 29, 2038 (the Floating Interest Rate Period):
	If the Reference Rate is <i>less than</i> the Digital Coupon Strike, the Reference Rate <i>plus</i> the Floating Interest Rate Spread, subject to the Minimum Interest Rate.
	If the Reference Rate is <i>greater than or equal to</i> the Digital Coupon Strike, the Digital Coupon Payoff.

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For the purposes of determining the level of the Reference Rate applicable to an Interest Payment Period, the level of the Reference Rate will be determined two (2) London Banking Days prior to the related Interest Reset Date at the start of the applicable Interest Payment Period (each, an Interest Determination Date).

Interest for each Interest Payment Period during the Floating Interest Rate Period is subject to the Minimum Interest Rate of 0.00% per annum. In no event will interest for each Interest Payment Period during the Floating Interest Rate Period be greater than the Digital Coupon Payoff of 7.00% per annum.

Floating Interest Rate Spread Plus 1.00%

Interest Determination Date Two (2) London Banking Days prior to the related Interest Reset Date at the start of the applicable Interest Payment Period

Floating Interest Rate Period From and including March 29, 2021 to, but excluding, the Maturity Date.

Interest Payment Period: Quarterly (from and including the 29th day of each March, June, September and December to, but excluding, the 29th day of the month occurring three months following such month, beginning March 29, 2018)

Interest Payment Dates Each March 29th, June 29th, September 29th and December 29th, beginning June 29, 2018; *provided* that if any such day is not a Business Day, that interest payment will be made on the next succeeding Business Day and no adjustment will be made to any interest payment made on that succeeding Business Day.

Interest Payment Period End Dates Unadjusted

Interest Reset Dates Each March 29th, June 29th, September 29th and December 29th, beginning March 29, 2021; *provided* that such Interest Reset Dates shall not be adjusted for non-Business Days.

Minimum Interest Rate 0.00% per annum during the Floating Interest Rate Period.

Digital Coupon Strike 3.50% per annum.

Digital Coupon Payoff 7.00% per annum.

Day-count Convention: 30/360 (ISDA). Please see The Notes below.

Redemption: Not applicable

Specified Currency: U.S. dollars

CUSIP/ISIN: 47233JBK3 / US47233JBK34

Book-entry or Certificated Note: Book-entry

Business Day: New York

Agent: Jefferies LLC, a wholly-owned subsidiary of Jefferies Group LLC and an affiliate of Jefferies Group Capital Finance Inc. See Supplemental Plan of Distribution.

Calculation Agent: Jefferies Financial Services Inc., a wholly owned subsidiary of Jefferies Group LLC and an affiliate of Jefferies Group Capital Finance Inc.

Trustee: The Bank of New York Mellon

Estimated value on the Pricing Date Approximately \$916.57 per note, or within \$40.00 of that estimate. Please see The Notes below.

Use of Proceeds: General corporate purposes

Listing: None

Conflict of Interest: Jefferies LLC, the broker-dealer subsidiary of Jefferies Group LLC, 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 interest and will be conducted in accordance with the requirements of Rule 5121. See Conflict of Interest.

The Notes will be our senior unsecured obligations and will rank equally with our other senior unsecured indebtedness.

Investing in the Notes involves risks that are described in the Risk Factors section beginning on page PS-6 of this pricing supplement.

	PER NOTE	TOTAL
Public Offering Price	At variable prices	At variable prices
Underwriting Discounts and Commissions	\$	\$
Proceeds to Jefferies Group LLC (Before Expenses)	\$	\$

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

We will deliver the Notes in book-entry form only through The Depository Trust Company on or about March 29, 2018 against payment in immediately available funds.

Jefferies

Pricing supplement dated _____, 2018.

You should read this document together with the related prospectus and prospectus supplement, each of which can be accessed via the hyperlinks below, before you decide to invest.

[Prospectus supplement dated February 4, 2016](#)

[Prospectus dated February 4, 2016](#)

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You should rely only on the information contained in or incorporated by reference in this pricing supplement and the accompanying prospectus and prospectus supplement. 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 pricing supplement or the accompanying prospectus or prospectus supplement is accurate as of any date later than the date on the front of this pricing supplement.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This pricing supplement and the accompanying prospectus and prospectus supplement 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 (the Securities Act) 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 are 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, 2017 filed with the U.S. Securities and Exchange Commission, or the SEC, on January 26, 2018 (the Annual Report on Form 10-K). 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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The Notes are joint and several obligations of Jefferies Group LLC and Jefferies Group Capital Finance Inc., its wholly-owned subsidiary. The Aggregate Principal Amount of the Notes is \$. The Notes will mature on March 29, 2038. From and including the Original Issue Date to, but excluding, March 29, 2021, the Notes will bear interest at the fixed rate of 7.00% per annum. From and including March 29, 2021 to, but excluding, the Maturity Date (the Floating Interest Rate Period), the Notes will bear interest at a per annum floating rate. The per annum floating rate will depend on the Reference Rate, which is 3-Month USD LIBOR, as compared to the Digital Coupon Strike of 3.50% per annum. If the Reference Rate is *less than* the Digital Coupon Strike, the Interest Rate will equal the Reference Rate *plus* the Floating Interest Rate Spread of 1.00% per annum, subject to the Minimum Interest Rate of 0.00% per annum. If the Reference Rate is *greater than or equal to* the Digital Coupon Strike, the Interest Rate will equal the Digital Coupon Payoff of 7.00% per annum. During the Floating Interest Rate Period, the interest rate will be reset quarterly on the Interest Reset Dates set forth in the Summary of Terms on the cover page of this pricing supplement. Interest on the Notes will be payable on a quarterly basis on the Interest Payment Dates set forth in the Summary of Terms on the cover page of this pricing supplement. We describe the basic features of these Notes in the sections of the accompanying prospectus called Description of Securities We May Offer Debt Securities and the prospectus supplement called Description of Notes , subject to and as modified by any provisions described below and in the Summary of Terms on the cover page of this pricing supplement. All payments on the Notes are subject to our credit risk.

3-Month USD LIBOR or Reference Rate means, with respect to any Interest Reset Date, the London interbank offered rate for 3-month deposits in U.S. dollars appearing on the Reuters screen LIBOR01 page (or any successor thereto) as of approximately 11:00 A.M., London time, on the relevant Interest Determination Date.

30/360 (ISDA) means the number of days in the Interest Payment Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows, as described in Section 4.16(f) of the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, without regard to any subsequent amendments or supplements:

$$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Payment Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day included in the Interest Payment Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Payment Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Payment Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Payment Period, unless such number would be 31, in which case D1 will be 30; and

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D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Payment Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

The Interest Determination Date for each quarterly Interest Reset Date during the Floating Interest Rate Period will be the second London Banking Day prior to the beginning of the applicable quarterly Interest Reset Date. A London Banking Day means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in London generally are authorized or obligated by law, regulation or executive order to close and dealings in U.S. dollars are transacted in the London interbank market.

If, on any Interest Determination Date, the 3-Month USD LIBOR does not so appear on the Reuters screen LIBOR01 page (or any successor thereto), then the 3-Month USD LIBOR will be determined on the basis of the rates at which 3-month deposits in U.S. dollars are offered by four major banks in the London interbank market selected by the calculation agent at approximately 11:00 A.M., London time, on the relevant Interest Determination

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Date, to prime banks in the London interbank market, beginning on the relevant Interest Reset Date, and in a representative amount. The calculation agent will request the principal London office of each of these major banks to provide a quotation of its rate. If at least two quotations are provided, 3-Month USD LIBOR for the relevant Interest Reset Date will be the arithmetic mean of the quotations. If fewer than two of the requested quotations described above are provided, 3-Month USD LIBOR for the relevant Interest Reset Date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the calculation agent, at approximately 11:00 A.M., New York City time, on the relevant Interest Reset Date, for loans in U.S. dollars to leading European banks for a period of 3 months, beginning on the relevant Interest Reset Date, and in a representative amount. If no quotation is provided as described in the preceding sentence, then the calculation agent will determine the 3-Month USD LIBOR in good faith and in a commercially reasonable manner.

The Stated Principal Amount of each Note is \$1,000. The Issue Price will equal 100% of the Stated Principal Amount per Note until the initial pricing date and, thereafter, will be variable, subject to a maximum price of 100% of the Stated Principal Amount per Note. This price includes costs associated with issuing, selling, structuring and hedging the Notes, which are borne by you, and, consequently, the estimated value of the Notes on the Pricing Date will be less than the Issue Price. We estimate that the value of each Note on the Pricing Date will be approximately \$916.57, or within \$40.00 of that estimate. Our estimate of the value of the Notes as determined on the Pricing Date will be set forth in the final pricing supplement.

Payment of Additional Amounts

We will pay to the holder of any Note that is beneficially owned by a United States alien holder (as defined in the accompanying prospectus) such additional amounts as may be necessary so that every net payment of principal of and interest on the Note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States or any taxing authority thereof or therein, will not be less than the amount provided in such Note to be then due and payable. We will not be required, however, to make any payment of additional amounts for or on account of:

any tax, assessment or other governmental charge that would not have been imposed but for the existence of any present or former connection between such holder or beneficial owner of such Note (or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor), being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in trade or business or present in the United States or having or having had a permanent establishment in the United States;

any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of the Note for payment on a date more than 10 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

any estate, inheritance, gift, sales, transfer, excise, personal property or similar tax, assessment or other governmental charge;

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any tax, assessment or other governmental charge imposed by reason of such holder's or beneficial owner's past or present status as a passive foreign investment company, a controlled foreign corporation, a personal holding company or foreign personal holding company with respect to the United States, or as a corporation which accumulates earnings to avoid United States federal income tax;

any tax, assessment or other governmental charge which is payable otherwise than by withholding from payment of principal of, or interest on, such Note;

any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of, or interest on, any Note if such payment can be made without withholding by any other paying agent;

any tax, assessment or other governmental charge that is imposed by reason of a holder's or beneficial owner's present or former status as (i) the actual or constructive owner of 10% or more of the total combined voting power of Leucadia National Corporation stock, as determined for purposes of

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Section 871(h)(3)(B) of the Internal Revenue Code of 1986, as amended (the Code), (or any successor provision) or (ii) a controlled foreign corporation that is related to us, as determined for purposes of Section 881(c)(3)(C) of the Code (or any successor provision);

any tax, assessment or other governmental charge (i) in the nature of a backup withholding tax, (ii) as a result of the failure to comply with information reporting requirements or (iii) imposed or required pursuant to Sections 1471 through 1474 of the Code and the U.S. Treasury Regulations promulgated thereunder (commonly referred to as FATCA), or imposed under any substantially similar successor legislation, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection therewith;

any tax, assessment or other governmental charge imposed solely because the holder or the beneficial owner of such Note (1) is a bank purchasing such Note in the ordinary course of its lending business or (2) is a bank that is neither (A) buying such Note for investment purposes nor (B) buying such Note for resale to a third party that either is not a bank or holding such Note for investment purposes only;

any tax, assessment or other governmental charge imposed in whole or in part by reason of such holder s or beneficial owner s past or present status as a corporation that accumulates earnings to avoid U.S. federal income tax or as a private foundation, a foreign private foundation or other tax-exempt organization; or

any combinations of items identified in the bullet points above.

In addition, we will not be required to pay any additional amounts to any holder or beneficial owner that is a fiduciary or partnership or other than the sole beneficial owner of such Note to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof would not have been entitled to the payment of such additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Note. In addition, if withholding of tax is required on Notes linked to U.S. equities or equity indices under Treasury regulations promulgated under Section 871(m) of the Code, we will not be required to pay any additional amounts with respect to amounts withheld.

Valuation of the Notes

Jefferies LLC calculated the estimated value of the Notes set forth on the cover page of this pricing supplement based on its proprietary pricing models at that time. Jefferies LLC s proprietary pricing models generated an estimated value for the Notes by estimating the value of a hypothetical package of financial instruments that would replicate the payout on the Notes, which consists of a fixed-income bond (the bond component) and one or more derivative instruments underlying the economic terms of the Notes (the derivative component). Jefferies LLC calculated the estimated value of the bond component using a discount rate based on our internal funding rate. Jefferies LLC calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the instruments that constitute the derivative component based on various inputs, including the factors described under Risk Factors The price at which the Notes may be resold prior to maturity will depend on a number of factors and may be substantially less than the amount for which they were originally purchased. below, but not including our creditworthiness. These inputs may be market-observable or may be based on assumptions made by Jefferies LLC in its discretionary judgment.

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The estimated value of the Notes is a function of the terms of the Notes and the inputs to Jefferies LLC's proprietary pricing models. The range for the estimated value of the Notes set forth on the cover page of this preliminary pricing supplement reflects uncertainty on the date of this preliminary pricing supplement about the inputs to Jefferies LLC's proprietary pricing models on the Pricing Date.

Since the estimated value of the Notes is a function of the underlying assumptions and construction of Jefferies LLC's proprietary derivative-pricing model, modification to this model will impact the estimated value calculation. Jefferies LLC's proprietary models are subject to ongoing review and modification, and Jefferies LLC may change them at any time and for a variety of reasons. In the event of a model change, prior descriptions of the model and computations based on the older model will be superseded, and calculations of estimated value under the new

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model may differ significantly from those under the older model. Further, model changes may cause a larger impact on the estimated value of a note with a particular return formula than on a similar note with a different return formula. For example, to the extent a return formula contains leverage, model changes may cause a larger impact on the estimated value of that note than on a similar note without such leverage.

The relationship between the estimated value on the Pricing Date and the secondary market price of the Notes

The price at which Jefferies LLC purchases the Notes in the secondary market, absent changes in market conditions, including those related to interest rates and the Reference Rate, 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 Jefferies LLC would charge in a secondary market transaction of this type, the costs of unwinding the related hedging transactions and other factors.

Jefferies LLC may, but is not obligated to, make a market in the Notes and, if it once chooses to make a market, may cease doing so at any time.

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The table below presents examples of hypothetical interest that would accrue on the Notes during any Interest Payment Period in the Floating Interest Rate Period. The examples below are for purposes of illustration only. The examples of the hypothetical floating interest rate that would accrue on the Notes are based on both the level of the Reference Rate on the applicable Interest Determination Date and the Digital Coupon Strike.

The actual interest payment amounts during the Floating Interest Rate Period will depend on the actual level of the Reference Rate on each Interest Determination Date. The applicable Interest Rate for each quarterly Interest Payment Period will be determined on a per-annum basis but will apply only to that Interest Payment Period. The table assumes that the Interest Payment Period contains 90 calendar days. The examples below are for purposes of illustration only and would provide different results if different assumptions were made.

REFERENCE RATE	REFERENCE RATE PLUS SPREAD WITH DIGITAL COUPON PAYOFF*	HYPOTHETICAL QUARTERLY INTEREST PAYMENT
-2.00%	0.00%	\$ 0.00
-1.50%	0.00%	\$ 0.00
-1.00%	0.00%	\$ 0.00
-0.75%	0.25%	\$ 0.63
-0.25%	0.75%	\$ 1.88
0.25%	1.25%	\$ 3.13
0.75%	1.75%	\$ 4.38
1.25%	2.25%	\$ 5.63
1.75%	2.75%	\$ 6.88
2.25%	3.25%	\$ 8.13
2.75%	3.75%	\$ 9.38
3.25%	4.25%	\$10.63
3.50%	7.00%	\$17.50
4.00%	7.00%	\$17.50
4.50%	7.00%	\$17.50
5.00%	7.00%	\$17.50
5.50%	7.00%	\$17.50
6.00%	7.00%	\$17.50
6.50%	7.00%	\$17.50
7.00%	7.00%	\$17.50
7.50%	7.00%	\$17.50
8.00%	7.00%	\$17.50
8.50%	7.00%	\$17.50
9.00%	7.00%	\$17.50
9.50%	7.00%	\$17.50

*Subject to the minimum interest rate of 0%. Digital Coupon Payoff is received only when Reference Rate is greater than or equal to the Digital Coupon Strike. In no event will interest for any Interest Payment Period during the Floating Interest Rate Period be greater than the Digital Coupon Payoff of 7.00% per annum.

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RISK FACTORS

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

Risks Associated with the Offering

The historical level of the 3-Month USD LIBOR rate is not an indication of the future level of the 3-Month USD LIBOR rate.

In the past, the level of the 3-Month USD LIBOR rate has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the 3-Month USD LIBOR rate is not necessarily indicative of future levels. Changes in the level of the 3-Month USD LIBOR rate will affect the trading price of the Notes, but it is impossible to predict whether such level will rise or fall. There can be no assurance that the 3-Month USD LIBOR rate will be positive on any Interest Determination Date during the Floating Interest Rate Period. Furthermore, the historical performance of the 3-Month USD LIBOR rate does not reflect the return the Notes would have had because they do not take into account the Floating Interest Rate Spread or the Digital Coupon Payoff.

The estimated value of the Notes on the Pricing Date, based on Jefferies LLC proprietary pricing models at that time and our internal funding rate, will be less than the Issue Price.

The difference is attributable to certain costs associated with selling, structuring and hedging the Notes that are included in the Issue Price. These costs include (i) the selling concessions paid in connection with the offering of the Notes, (ii) hedging and other costs incurred by us and our affiliates in connection with the offering of the Notes and (iii) the expected profit (which may be more or less than actual profit) to Jefferies LLC or other of our affiliates in connection with hedging our obligations under the Notes. These costs adversely affect the economic terms of the Notes because, if they were lower, the economic terms of the Notes would be more favorable to you. The economic terms of the Notes are also likely to be adversely affected by the use of our internal funding rate, rather than our secondary market rate, to price the Notes. See The estimated value of the Notes would be lower if it were calculated based on our secondary market rate below.

The estimated value of the Notes was determined for us by our affiliate using proprietary pricing models.

Jefferies LLC derived the estimated value disclosed on the cover page of this pricing supplement from its proprietary pricing models at that time. In doing so, it may have made discretionary judgments about the inputs to its models, such as the volatility of the 3-Month USD LIBOR rate and interest rates. Jefferies LLC's views on these inputs and assumptions may differ from your or others' views, and as an agent in this offering, Jefferies LLC's interests may conflict with yours. Both the models and the inputs to the models may prove to be wrong and therefore not an accurate reflection of the value of the Notes. Moreover, the estimated value of the Notes set forth on the cover page of this pricing supplement may differ from the value that we or our affiliates may determine for the Notes for other purposes, including for accounting purposes. You should not invest in the Notes because of the estimated value of the Notes. Instead, you should be willing to hold the Notes to maturity irrespective of the initial estimated value.

Since the estimated value of the Notes is a function of the underlying assumptions and construction of Jefferies LLC's proprietary derivative-pricing model, modifications to this model will impact the estimated value calculation. Jefferies LLC's proprietary models are subject to ongoing review and modification, and Jefferies LLC may change them at any time and for a variety of reasons. In the event of a model change, prior descriptions of the model and computations

based on the older model will be superseded, and calculations of estimated value under the new model may differ significantly from those under the older model. Further, model changes may cause a larger impact on the estimated value of a note with a particular return formula than on a similar note with a different return formula. For example, to the extent a return formula contains leverage, model changes may cause a larger impact on the estimated value of that note than on a similar note without such leverage.

The estimated value of the Notes would be lower if it were calculated based on our secondary market rate.

The estimated value of the Notes included in this pricing supplement is calculated based on our internal funding rate, which is the rate at which we are willing to borrow funds through the issuance of the Notes. Our internal funding rate is generally lower than our secondary market rate, which is the rate that Jefferies LLC will use in

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determining the value of the Notes for purposes of any purchases of the Notes from you in the secondary market. If the estimated value included in this pricing supplement were based on our secondary market rate, rather than our internal funding rate, it would likely be lower. We determine our internal funding rate based on factors such as the costs associated with the Notes, which are generally higher than the costs associated with conventional debt securities, and our liquidity needs and preferences. Our internal funding rate is not the same as the interest that is payable on the Notes.

Because there is not an active market for traded instruments referencing our outstanding debt obligations, Jefferies LLC determines our secondary market rate based on the market price of traded instruments referencing our debt obligations, but subject to adjustments that Jefferies LLC makes in its sole discretion. As a result, our secondary market rate is not a market-determined measure of our creditworthiness, but rather reflects the market's perception of our creditworthiness as adjusted for discretionary factors such as Jefferies LLC's preferences with respect to purchasing the Notes prior to maturity.

The estimated value of the Notes is not an indication of the price, if any, at which Jefferies LLC or any other person may be willing to buy the Notes from you in the secondary market.

Any such secondary market price will fluctuate over the term of the Notes based on the market and other factors described in the next risk factor. Moreover, unlike the estimated value included in this pricing supplement, any value of the Notes determined for purposes of a secondary market transaction will be based on our secondary market rate, which will likely result in a lower value for the Notes than if our internal funding rate were used. In addition, any secondary market price for the Notes will be reduced by a bid-ask spread, which may vary depending on the aggregate stated principal amount of the Notes to be purchased in the secondary market transaction, and the expected cost of unwinding related hedging transactions. As a result, it is likely that any secondary market price for the Notes will be less than the Issue Price.

The price at which the Notes may be resold prior to maturity will depend on a number of factors and may be substantially less than the amount for which they were originally purchased.

Some of these factors include, but are not limited to: (i) changes in the level of the 3-Month USD LIBOR rate, (ii) volatility of the 3-Month USD LIBOR rate, (iii) changes in interest and yield rates, (iv) any actual or anticipated changes in our credit ratings or credit spreads and (v) time remaining to maturity. Generally, the longer the time remaining to maturity and the more tailored the exposure, the more the market price of the Notes will be affected by the other factors described in the preceding sentence. In addition, as indicated above, the proprietary derivative-pricing model we employ to value the Notes may change, which could have a significant impact on valuation of the Notes. Each of these factors can lead to significant adverse changes in the market price of securities like the Notes.

The amount of interest payable on the Notes in any quarterly Interest Payment Period is limited by the Digital Coupon Payoff.

Due to the formula used to determine the Interest Rate, the Interest Rate on the Notes for each quarterly Interest Payment Period during the Floating Interest Rate Period is limited for that Interest Payment Period by the Digital Coupon Payoff. If the 3-Month USD LIBOR rate is *greater than* or *equal to* the Digital Coupon Strike, the Interest Rate will equal the Digital Coupon Payoff of 7.00% per annum, and you will not get the benefit of any increase in the 3-Month USD LIBOR rate above a level of 7.00% on any Interest Determination Date. Therefore, the maximum quarterly interest payment you can receive during the Floating Interest Rate Period (assuming an Interest Payment Period of 90 calendar days) will be \$17.50 for each \$1,000 stated principal amount of notes. Accordingly, you could receive less than 7.00% per annum interest for any given full year in the Floating Interest Rate Period even when the

3-Month USD LIBOR rate is much greater than 7.00% on the Interest Determination Date for one quarterly Interest Payment Period during that year if the 3-Month USD LIBOR rate on the Interest Determination Date with respect to any other quarterly Interest Payment Period is below 7.00%.

You must rely on your own evaluation of the merits of an investment linked to the 3-Month USD LIBOR rate.

In the ordinary course of their businesses, we or our affiliates may have expressed views on expected movements in the 3-Month USD LIBOR rate and related interest rates, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who deal in markets relating to the 3-Month USD LIBOR rate may at any time have views that are significantly different from ours or those of our affiliates. For these reasons, you should consult

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information about the 3-Month USD LIBOR rate and related interest rates from multiple sources, and you should not rely on the views expressed by us or our affiliates.

Neither the offering of the Notes nor any views which we or our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the Notes.

The 3-Month USD LIBOR rate and the manner in which it is calculated may change in the future.

There can be no assurance that the method by which the 3-Month USD LIBOR rate is calculated will continue in its current form. Any changes in the method of calculation could reduce the 3-Month USD LIBOR rate and thus have a negative impact on the payments on the Notes and on the value of the Notes in the secondary market. On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. We cannot predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR, and it is impossible to predict the effect of any such alternatives on the value of, and the method of calculating, the 3-Month USD LIBOR rate. Uncertainty as to the nature of alternative reference rates to LIBOR and as to potential changes or other reforms to LIBOR may adversely affect the 3-Month USD LIBOR rate during the term of the Notes, which may adversely affect the value of the Notes.

In the event that a published 3-Month USD LIBOR rate is unavailable after 2021, an alternative determination method, as set forth under [The Notes](#) above, will be used to determine the 3-Month USD LIBOR rate.

We may sell an additional aggregate face amount of the Notes at a different issue price.

At our sole option, we may decide to sell additional aggregate face amounts of the Notes subsequently to the date of this pricing supplement. The issue price of the Notes in the subsequent sale may differ substantially (higher or lower) from the Issue Price you paid. There is no stated limit on of the additional face amounts of the Notes we may sell.

The Notes will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes.

The Notes will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under this treatment, if you are a U.S. individual or taxable entity, you generally should be required to pay taxes on ordinary income from the Notes over their term based on the comparable yield for the Notes, subject to any positive and negative adjustments based on the actual interest payments on the Notes. This comparable yield is determined solely to calculate the amount on which you will be taxed prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. In addition, any gain you may recognize on the sale, exchange or maturity of the Notes will be taxed as ordinary interest income. If you are a secondary purchaser of the Notes, the tax consequences to you may be different.

Please see [Material United States Federal Income Tax Consequences](#) below for a more detailed discussion. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your Notes in your particular circumstances.

Our trading and hedging activities may create conflicts of interest with you.

We or one or more of our affiliates, including Jefferies LLC, may engage in trading activities related to the Notes that are not for your account or on your behalf. We expect to enter into arrangements to hedge the market risks associated with our obligation to pay the amounts due under the Notes. We may seek competitive terms in entering into the hedging arrangements for the Notes, but are not required to do so, and we may enter into such hedging arrangements with one of our subsidiaries or affiliates. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but which could also result in a loss for the hedging counterparty. These trading and hedging activities may present a conflict of interest between your interest as a holder of the Notes and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions for our customers, and in accounts under our management.

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HEDGING

In order to meet our payment obligations on the Notes, at the time we issue the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with one or more of our affiliates. The terms of these hedging arrangements are determined based upon terms provided by our affiliates, and take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Reference Rate, the tenor of the Notes and the hedging arrangements. The economic terms of the Notes depend in part on the terms of these hedging arrangements.

The hedging arrangements may include hedging related charges, reflecting the costs associated with, and our affiliates profit earned from, these hedging arrangements. Since hedging entails risk and may be influenced by unpredictable market forces, actual profits or losses from these hedging transactions may be more or less than this amount.

For further information, see **Risk Factors** beginning on page PS-6 of this pricing supplement.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the material United States federal income tax consequences of purchasing, owning and disposing of the Notes and is based upon the advice of Sidley Austin LLP, our tax counsel. The following discussion supplements, and to the extent inconsistent supersedes, the discussions under **Material United States Federal Income Tax Consequences** in the accompanying prospectus and under **United States Federal Taxation** in the accompanying prospectus supplement, and is not exhaustive of all possible tax considerations that may be relevant to a holder of Notes. This summary is based upon the Internal Revenue Code of 1986, as amended (the **Code**), regulations promulgated under the Code by the U.S. Treasury Department (**Treasury**) (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (**IRS**), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought a ruling from the IRS regarding any of the tax consequences described below. This summary does not include any description of federal non-income tax laws, the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder of Notes.

This summary is directed solely to U.S. Holders (as defined in the accompanying prospectus supplement) that, except as otherwise specifically noted, will acquire the Notes upon original issuance and will hold the Notes as capital assets, within the meaning of Section 1221 of the Code, which generally means property held for investment, and that are not excluded from the discussion under **United States Federal Taxation** in the accompanying prospectus supplement. This summary assumes that the issue price of the Notes, as determined for U.S. federal income tax purposes, equals the principal amount thereof.

In the opinion of our tax counsel, Sidley Austin LLP, your Notes will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under those rules, the amount of interest you are required to take into account for each accrual period will be determined by constructing a projected payment schedule for your Notes and applying rules similar to those for accruing original issue discount on a hypothetical non-contingent debt instrument with that projected payment schedule. This method is applied by first determining the yield at which we would issue a non-contingent fixed rate debt instrument with terms and conditions similar to your Notes (the **comparable yield**) and then determining as of the issue date a payment schedule that would produce the comparable yield. Under these rules, you will only accrue interest based on the comparable yield. You will not have to separately include the amount of interest that you receive, except to the extent of any positive or negative adjustments discussed below.

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We have determined that the comparable yield for the Notes is equal to _____ % per annum, compounded quarterly. Based on this comparable yield, if you are an initial holder that holds a Note until maturity and you pay your taxes on a calendar year basis, we have determined that you would be required to report the following amounts as ordinary income, not taking into account any positive or negative adjustments you may be required to take into account based on the actual payments on the Notes, from the Note each year:

ACCRUAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER \$1,000 NOTE)	TOTAL INTEREST DEEMED TO HAVE ACCRUED FROM ORIGINAL ISSUE DATE (PER \$1,000 NOTE) AS OF END OF ACCRUAL PERIOD
March 29, 2018 through December 31, 2018		
January 1, 2019 through December 31, 2019		
January 1, 2020 through December 31, 2020		
January 1, 2021 through December 31, 2021		
January 1, 2022 through December 31, 2022		
January 1, 2023 through December 31, 2023		
January 1, 2024 through December 31, 2024		
January 1, 2025 through December 31, 2025		
January 1, 2026 through December 31, 2026		
January 1, 2027 through December 31, 2027		
January 1, 2028 through December 31, 2028		
January 1, 2029 through December 31, 2029		
January 1, 2030 through December 31, 2030		
January 1, 2031 through December 31, 2031		
January 1, 2032 through December 31, 2032		
January 1, 2033 through December 31, 2033		
January 1, 2034 through December 31, 2034		
January 1, 2035 through December 31, 2035		
January 1, 2036 through December 31, 2036		
January 1, 2037 through December 31, 2037		
January 1, 2038 through March 29, 2038		

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In addition, we have determined the projected payments for your Notes are as follows:

TAXABLE YEAR	MARCH 29	JUNE 29	SEPTEMBER 29	DECEMBER 29
2018	N/A	\$	\$	\$
2019	\$	\$	\$	\$
2020	\$	\$	\$	\$
2021	\$	\$	\$	