

MORGAN STANLEY  
Form 424B2  
October 30, 2018

***CALCULATION OF REGISTRATION FEE***

| <i>Title of Each Class of Securities Offered</i>    | <i>Maximum Aggregate Offering Price</i> | <i>Amount of Registration Fee</i> |
|---|---|-----------------------------------|
| Callable Buffered Range Accrual Securities due 2026 | \$5,000,000                             | \$606.00                          |

**October 2018**

Pricing Supplement No. 1,050

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

Dated October 26, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Callable Buffered Range Accrual Securities due April 30, 2026

All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index

Fully and Unconditionally Guaranteed by Morgan Stanley

**Principal at Risk Securities**

Unlike ordinary debt securities, the Callable Buffered Range Accrual Securities due April 30, 2026, All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index, which we refer to as the securities, do not provide for the regular payment of interest and provide for the minimum return of only 20% of the stated principal amount at maturity. The securities offer the opportunity for investors to earn a contingent monthly coupon, if any, based on the number of index business days in the relevant coupon payment period on which the index closing value of the S&P 500® Index is greater than or equal to 80% of the initial index value, which we refer to as the barrier level. If the index closing value remains below the barrier level for extended periods of time, investors will receive reduced contingent monthly coupon payments or no contingent monthly coupon payments at all. As a result, investors must be willing to accept the risk of not receiving any contingent monthly coupon during the entire 7.5-year term of the securities. In addition, beginning on October 31, 2019, **we will have the right to redeem the securities at our discretion on any monthly redemption date** for a redemption payment equal to the sum of the stated principal amount plus any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon

payment period. An early redemption of the securities will be at our discretion and will not automatically occur based on the performance of the underlying index. At maturity, if the securities have not previously been redeemed and the final index value is greater than or equal to the barrier level, investors will receive the stated principal amount of the securities and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period. However, if the final index value is less than the barrier level, investors will lose 1% for every 1% decline in the final index value from the initial index value beyond the buffer amount of 20%, in addition to any accrued and unpaid contingent monthly coupon. **Accordingly, investors may lose up to 80% of their entire initial investment in the securities.** Investors will not participate in any appreciation of the S&P 500® Index. These long-dated securities are for investors who seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of losing some or a substantial portion of their principal and the risk of receiving reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, if the S&P 500® Index remains below the barrier level for extended periods of time, and the risk of an early redemption of the securities at our discretion. The securities are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities are 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 a substantial portion of your investment. These securities 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.**

#### FINAL TERMS

**Issuer:** Morgan Stanley Finance LLC

**Guarantor:** Morgan Stanley

**Underlying index:** S&P 500® Index

**Aggregate principal amount:** \$5,000,000

**Stated principal amount:** \$1,000 per security

**Issue price:** \$1,000 per security (see “Commissions and issue price” below)

**Pricing date:** October 26, 2018

**Original issue date:** October 31, 2018 (3 business days after the pricing date)

**Maturity date:** April 30, 2026

**Optional early redemption:** Beginning on October 31, 2019, we will have the right to redeem the securities, **at our discretion**, in whole but not in part, on any monthly redemption date for the redemption payment. If we decide to redeem the securities, we will give you notice at least 3 business days before the redemption date specified in the notice. No further payments will be made on the securities once they have been redeemed.

**Redemption payment:** The redemption payment will be an amount equal to (i) the stated principal amount *plus* (ii) any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

**Redemption dates:** Beginning on October 31, 2019, monthly. See “Coupon Observation Period End-Dates, Contingent Coupon Payment Dates and Redemption Dates” below. If any such day is not a business day, that redemption payment, if payable, will be made on the next succeeding business day and no adjustment will be made to any redemption payment made on that succeeding business day.

**Contingent monthly coupon:** Unless the securities are previously redeemed, the contingent monthly coupon payable on the securities will be determined as follows:

At a rate of 5.80% per annum *times* N/ACT

where:

- “N” = the total number of index business days in the applicable coupon payment period on which the index closing value is greater than or equal to the barrier level (each such day, an “accrual day”); and

- “ACT” = the total number of index business days in the applicable coupon payment period.

***If, on any index business day, the index closing value is below the barrier level, no coupon will accrue for that day. It is possible that you will receive no contingent coupon on the securities for extended periods of time if the index closing value were to remain below the barrier level.***

**Payment at maturity:** If the securities have not previously been redeemed, investors will receive on the maturity date a payment at maturity determined as follows:

- If the final index value is **greater than or equal to** the barrier level: the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period
- If the final index value is **less than** the barrier level: (i) \$1,000 x (index performance factor + buffer amount) *plus* (ii) any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

**Buffer amount:** 20%

**Minimum payment at maturity:** \$200 per security

**Barrier level:** 2,126.952, which is equal to 80% of the initial index value

***Terms continued on the following page***

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.”

**Agent:**

**Estimated value on the pricing date:** \$923.50 per security. See “Investment Summary” on page 4.

**Commissions and issue price:** Price to public<sup>(1)</sup> Agent’s commissions<sup>(2)</sup> Proceeds to us<sup>(3)</sup>

|                     |             |           |             |
|---------------------|-------------|-----------|-------------|
| <b>Per security</b> | \$1,000     | \$40      | \$960       |
| <b>Total</b>        | \$5,000,000 | \$200,000 | \$4,800,000 |

(1) *The price to public for investors purchasing the securities in fee-based advisory accounts will be \$970 per security. Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$40 for each security they sell; provided that dealers selling to investors purchasing the securities*

(2) *in fee-based advisory accounts will receive a sales commission of \$10 per security. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement.*

(3) *See “Use of proceeds and hedging” on page 23.*

**The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 9.**

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

**The securities 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 pricing supplement together with the related prospectus supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see “Additional Information About the Securities” at the end of this pricing supplement.**

**References to “we,” “us” and “our” refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.**

**[Prospectus Supplement dated November 16, 2017](#)**

**[Index Supplement dated November 16, 2017](#)    [Prospectus dated November 16, 2017](#)**

Morgan Stanley Finance LLC

Callable Buffered Range Accrual Securities due April 30, 2026

**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

**Terms continued from previous page:**

|   |   |
|---|---|
| <b>Initial index value:</b>             | 2,658.69, which is the index closing value of the underlying index on the pricing date  |
| <b>Final index value:</b>               | The index closing value of the underlying index on the final observation date   |
| <b>Coupon payment period:</b>           | Monthly. For each contingent coupon payment date, the coupon payment period will be the period from but excluding the pricing date (in the case of the first coupon payment period) or the prior coupon observation period end-date to and including the following coupon observation period end-date; <i>provided</i> that the final coupon payment period will end on (and include) the final observation date.   |
| <b>Final observation date:</b>          | April 27, 2026, subject to postponement as set forth under “Additional Information About the Securities – Postponement of the final observation date” below.  |
| <b>Contingent coupon payment dates:</b> | Monthly, as set forth under “Coupon Observation Period End-Dates, Contingent Coupon Payment Dates and Redemption Dates” below. If any such day is not a business day, that coupon payment will be made on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day. The contingent monthly coupon, if any, with respect to the final observation date shall be paid on the maturity date. |
| <b>Index performance factor:</b>        | The final index value <i>divided by</i> the initial index value.  |
| <b>CUSIP / ISIN:</b>                    | 61768DGF6 / US61768DGF69  |
| <b>Listing:</b>                         | The securities will not be listed on any securities exchange.   |

## Coupon Observation Period End-Dates, Contingent Coupon Payment Dates and Redemption Dates

| Coupon Observation Period End-Dates | Contingent Coupon Payment Dates / Redemption Dates |
|-------------------------------------|--|
| November 26, 2018                   | November 29, 2018*                                 |
| December 26, 2018                   | December 31, 2018*                                 |
| January 28, 2019                    | January 31, 2019*                                  |
| February 26, 2019                   | March 1, 2019*                                     |
| March 26, 2019                      | March 29, 2019*                                    |
| April 26, 2019                      | May 1, 2019*                                       |
| May 28, 2019                        | May 31, 2019*                                      |
| June 26, 2019                       | July 1, 2019*                                      |
| July 26, 2019                       | July 31, 2019*                                     |
| August 26, 2019                     | August 29, 2019*                                   |
| September 26, 2019                  | October 1, 2019*                                   |
| October 28, 2019                    | October 31, 2019                                   |
| November 26, 2019                   | December 2, 2019                                   |
| December 26, 2019                   | December 31, 2019                                  |

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|                    |                    |
|--------------------|--------------------|
| January 27, 2020   | January 30, 2020   |
| February 26, 2020  | March 2, 2020      |
| March 26, 2020     | March 31, 2020     |
| April 27, 2020     | April 30, 2020     |
| May 26, 2020       | May 29, 2020       |
| June 26, 2020      | July 1, 2020       |
| July 27, 2020      | July 30, 2020      |
| August 26, 2020    | August 31, 2020    |
| September 28, 2020 | October 1, 2020    |
| October 26, 2020   | October 29, 2020   |
| November 27, 2020  | December 2, 2020   |
| December 28, 2020  | December 31, 2020  |
| January 26, 2021   | January 29, 2021   |
| February 26, 2021  | March 3, 2021      |
| March 26, 2021     | March 31, 2021     |
| April 26, 2021     | April 29, 2021     |
| May 26, 2021       | June 1, 2021       |
| June 28, 2021      | July 1, 2021       |
| July 26, 2021      | July 29, 2021      |
| August 26, 2021    | August 31, 2021    |
| September 27, 2021 | September 30, 2021 |
| October 26, 2021   | October 29, 2021   |
| November 26, 2021  | December 1, 2021   |
| December 27, 2021  | December 30, 2021  |
| January 26, 2022   | January 31, 2022   |
| February 28, 2022  | March 3, 2022      |
| March 28, 2022     | March 31, 2022     |
| April 26, 2022     | April 29, 2022     |
| May 26, 2022       | June 1, 2022       |
| June 27, 2022      | June 30, 2022      |
| July 26, 2022      | July 29, 2022      |
| August 26, 2022    | August 31, 2022    |
| September 26, 2022 | September 29, 2022 |
| October 26, 2022   | October 31, 2022   |
| November 28, 2022  | December 1, 2022   |
| December 27, 2022  | December 30, 2022  |
| January 26, 2023   | January 31, 2023   |
| February 27, 2023  | March 2, 2023      |
| March 27, 2023     | March 30, 2023     |

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**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

| Coupon Observation<br>Period End-Dates | Contingent Coupon Payment<br>Dates / Redemption Dates |
|--|---|
| April 26, 2023                         | May 1, 2023   |
| May 26, 2023                           | June 1, 2023  |
| June 26, 2023                          | June 29, 2023   |
| July 26, 2023                          | July 31, 2023   |
| August 28, 2023                        | August 31, 2023                                       |
| September 26, 2023                     | September 29, 2023                                    |
| October 26, 2023                       | October 31, 2023                                      |
| November 27, 2023                      | November 30, 2023                                     |
| December 26, 2023                      | December 29, 2023                                     |
| January 26, 2024                       | January 31, 2024                                      |
| February 26, 2024                      | February 29, 2024                                     |
| March 26, 2024                         | April 1, 2024   |
| April 26, 2024                         | May 1, 2024   |
| May 28, 2024                           | May 31, 2024  |
| June 26, 2024                          | July 1, 2024  |
| July 26, 2024                          | July 31, 2024   |
| August 26, 2024                        | August 29, 2024                                       |
| September 26, 2024                     | October 1, 2024                                       |
| October 28, 2024                       | October 31, 2024                                      |
| November 26, 2024                      | December 2, 2024                                      |
| December 26, 2024                      | December 31, 2024                                     |
| January 27, 2025                       | January 30, 2025                                      |
| February 26, 2025                      | March 3, 2025   |
| March 26, 2025                         | March 31, 2025  |
| April 28, 2025                         | May 1, 2025   |
| May 27, 2025                           | May 30, 2025  |
| June 26, 2025                          | July 1, 2025  |
| July 28, 2025                          | July 31, 2025   |
| August 26, 2025                        | August 29, 2025                                       |
| September 26, 2025                     | October 1, 2025                                       |
| October 27, 2025                       | October 30, 2025                                      |
| November 26, 2025                      | December 2, 2025                                      |
| December 26, 2025                      | December 31, 2025                                     |
| January 26, 2026                       | January 29, 2026                                      |
| February 26, 2026                      | March 3, 2026   |
| March 26, 2026                         | March 31, 2026  |
| April 27, 2026                         | April 30, 2026 (maturity date)                        |

\* The securities are not subject to redemption at the issuer's option until the 12<sup>th</sup> contingent coupon payment date, which is October 31, 2019.

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**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

### Investment Summary

Callable Buffered Range Accrual Securities

Principal at Risk Securities

The Callable Buffered Range Accrual Securities due April 30, 2026, All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index, which we refer to as the securities, provide an opportunity for investors to earn a contingent monthly coupon, if any, based on the number of index business days in the relevant coupon payment period on which the index closing value of the S&P 500® Index is greater than or equal to 80% of the initial index value, which we refer to as the barrier level. If the index closing value remains below the barrier level for extended periods of time, investors will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all. As a result, investors must be willing to accept the risk of not receiving any contingent monthly coupon during the entire 7.5-year term of the securities. In addition, beginning on October 31, 2019, **we will have the right to redeem the securities at our discretion on any monthly redemption date** for a redemption payment equal to the sum of the stated principal amount plus any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

If the securities have not been previously redeemed and the final index value is greater than or equal to the barrier level, investors will receive the stated principal amount of the securities and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period. However, if the final index value is less than the barrier level, in addition to any accrued and unpaid contingent monthly coupon, investors will be exposed on a 1:1 basis to the percentage decline of the final index value from the initial index value beyond the buffer amount of 20%. Accordingly, investors could lose up to 80% of the stated principal amount of the securities. Investors in the securities must be willing to accept the risk of losing some or a substantial portion of their principal and also the risk of not receiving any contingent monthly coupons. In addition, investors will not participate in any appreciation of the underlying index.

Maturity: Approximately 7.5 years, unless redeemed earlier at our discretion  
Payment at maturity: If the securities have not previously been redeemed, investors will receive on the maturity date a payment at maturity determined as follows:

If the final index value is **greater than or equal to** the barrier level, investors will receive the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

If the final index value is **less than** the barrier level, investors will receive (i) \$1,000 x (index performance factor + buffer amount) *plus* (ii) any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

**Accordingly, investors in the securities must be willing to accept the risk of losing up to 80% of their entire initial investment.**

Unless the securities are previously redeemed, the contingent monthly coupon payable on the securities will be determined as follows:

At a rate of 5.80% per annum *times* N/ACT

*where:*

Contingent  
monthly coupon:

- “N” = the total number of index business days in the applicable coupon payment period on which the index closing value is greater than or equal to the barrier level (each such day, an “accrual day”); and
- “ACT” = the total number of index business days in the applicable coupon payment period.

***If, on any index business day, the index closing value is below the barrier level, no coupon will accrue for that day. It is possible that you will receive no contingent coupon on the securities for extended periods of time if the index closing value were to remain below the barrier level.***

Early redemption at We have the right to redeem the securities on any monthly redemption date for an early  
the option of the redemption payment equal to the stated principal amount plus any accrued and unpaid

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**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

contingent monthly coupon otherwise due with respect to the related coupon payment period. Any early redemption of the securities will be at our discretion and will not automatically occur based on the performance of the underlying index. It is more likely that we will redeem the securities when it would otherwise be advantageous for you to continue to hold the securities. As such, we will be more likely to redeem the securities when the index closing value of the underlying index is at or above the barrier level, which would otherwise result in an amount of interest payable on the securities that is greater than instruments of a comparable maturity and credit rating trading in the market. In other words, we will be more likely to redeem the securities at a time when the securities are paying an above-market coupon. If the securities are redeemed prior to maturity, you will receive no more contingent monthly coupon payments, may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns.

issuer:

On the other hand, we will be less likely to exercise our redemption right when the index closing value of the underlying index is below the barrier level and/or when the final index value is expected to be below the barrier level, such that you will receive reduced contingent monthly coupon payments, or no contingent monthly coupons at all, and/or that you will suffer a significant loss on your initial investment in the securities at maturity. Therefore, if we do not exercise our redemption right, it is more likely that you will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, and suffer a loss at maturity.

Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or our principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (212) 761-4000).

The original issue price of each security is \$1,000. This price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date is less than \$1,000. We estimate that the value of each security on the pricing date is \$923.50.

*What goes into the estimated value on the pricing date?*

In valuing the securities on the pricing date, we take into account that the securities comprise both a debt component and a performance-based component linked to the underlying index. The estimated value of the securities 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 securities?*

In determining the economic terms of the securities, including the contingent monthly coupon rate, the barrier level and the buffer amount, 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 securities 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 securities?*

The price at which MS & Co. purchases the securities 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 securities are not fully deducted upon issuance, for a period of up to 12 months following the issue date, to the extent that MS & Co. may buy or sell the securities 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. 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 securities, and, if it once chooses to make a market, may cease doing so at any time.

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**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

### Key Investment Rationale

The securities do not guarantee any repayment of principal at maturity and offer investors an opportunity to earn a contingent monthly coupon based on the number of index business days in the relevant coupon payment period on which the index closing value of the S&P 500® Index is greater than or equal to 80% of the initial index value, which we refer to as the barrier level. If the index closing value remains below the barrier level for extended periods of time, investors will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all. As a result, investors must be willing to accept the risk of not receiving any contingent monthly coupon during the entire 7.5-year term of the securities. The securities have been designed for investors who seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of losing up to 80% of their principal and the risk of receiving reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, if the S&P 500® Index remains below the barrier level for extended periods of time, and the risk of an early redemption of the securities at our discretion.

### S&P 500® Index Summary

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.

Information as of market close on October 26, 2018:

|                              |          |
|------------------------------|----------|
| Bloomberg Ticker Symbol:     | SPX      |
| Current Index Value:         | 2,658.69 |
| 52 Weeks Ago:                | 2,560.40 |
| 52 Week High (on 9/20/2018): | 2,930.75 |
| 52 Week Low (on 10/26/2017): | 2,560.40 |

For additional information about the S&P 500® Index, see the information set forth under “S&P 500® Index” in the accompanying index supplement. Furthermore, for additional historical information, see “S&P 500® Index Historical Performance” below.

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Principal at Risk Securities

## Hypothetical Examples

The following hypothetical examples are for illustrative purposes only. Whether you receive a contingent monthly coupon will be determined based on the total number of index business days in each monthly coupon payment period on which the index closing value is greater than or equal to the barrier level. For illustrative purposes, the table below assumes that the coupon payment period contains 22 index business days. The actual contingent monthly coupons will depend on the actual number of index business days in each coupon payment period and the actual index closing value on each index business day in such coupon payment period. Any early redemption of the securities will be at our discretion. The actual initial index value and barrier level are set forth on the cover of this document. All payments on the securities are subject to our credit risk. The numbers in the hypothetical examples may be rounded for ease of analysis. The below examples are based on the following terms:

Hypothetical Initial Index Value: 2,800

Hypothetical Barrier Level: 2,240, which is 80% of the hypothetical initial index value

**Hypothetical Contingent Monthly Coupon Payable on the Securities: 5.80% per annum times N/ACT**

N Hypothetical Contingent Monthly Coupon

0  $[(0/22) \times (5.80\% \times \$1,000)] / 12 = \$0.000$  per security3  $[(3/22) \times (5.80\% \times \$1,000)] / 12 = \$0.659$  per security6  $[(6/22) \times (5.80\% \times \$1,000)] / 12 = \$1.318$  per security11  $[(11/22) \times (5.80\% \times \$1,000)] / 12 = \$2.417$  per security14  $[(14/22) \times (5.80\% \times \$1,000)] / 12 = \$3.076$  per security18  $[(18/22) \times (5.80\% \times \$1,000)] / 12 = \$3.955$  per security22  $[(22/22) \times (5.80\% \times \$1,000)] / 12 = \$4.833$  per security

If the index closing value is less than the barrier level on any index business day, no contingent monthly coupon will accrue for that index business day. If the index closing value remains below the barrier level on each index business day in any coupon payment period, you will receive no contingent monthly coupon payment for that coupon payment period.

**Optional Early Redemption:** The securities may be redeemed at our discretion on any monthly redemption date for a redemption payment equal to the stated principal amount plus any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

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How to calculate the payment at maturity:

If the final index value is **greater than or equal to** the barrier level:

the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

Payment at Maturity (if the securities have not been redeemed early at our option):

If the final index value is **less than** the barrier level:

(i)  $\$1,000 \times (\text{index performance factor} + \text{buffer amount})$  plus (ii) any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

**The following examples assume that we do not exercise our right to redeem the securities prior to maturity.**

**Example 1**— The securities are not redeemed prior to maturity. The final index value is 3,400, which is at or above the barrier level. In this scenario, you receive a payment at maturity per security equal to the stated principal amount, in addition to any accrued and unpaid contingent monthly coupon payment for the final coupon payment period. However, you do not participate in the appreciation in the value of the underlying index.

**Example 2**— The securities are not redeemed prior to maturity. The final index value is 2,700, which is at or above the barrier level. In this scenario, you receive a payment at maturity per security equal to the stated principal amount, in addition to any accrued and unpaid contingent monthly coupon payment for the final coupon payment period.

**Example 3**—The securities are not redeemed prior to maturity. The final index value is 1,120, which is below the barrier level. Therefore, in addition to any accrued and unpaid contingent monthly coupon payment, the payment at maturity per security would be calculated as  $\$1,000 \times [(1,120 / 2,800) + 20\%] = \$600.00$ , representing a significant loss on the initial investment.

**If we do not redeem the securities prior to maturity and the final index value is less than the barrier level, you will lose some or a substantial portion of your investment in the securities.**

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Morgan Stanley Finance LLC

Callable Buffered Range Accrual Securities due April 30, 2026

**All Payments on the Securities Subject to the Barrier Feature Linked to the S&P 500® Index**

Principal at Risk Securities

Risk Factors

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

**The securities provide a minimum payment at maturity of only 20% of your principal.** The terms of the securities differ from those of ordinary debt securities in that the securities do not guarantee the regular payment of interest and provide a minimum payment at maturity of only 20% of the principal amount of the securities. If the § securities have not been redeemed prior to maturity and the final index value is less than the barrier level, you will receive an amount in cash that is less than the \$1,000 stated principal amount of each security by an amount proportionate to the decline in the value of the underlying index beyond the buffer amount of 20%. **You could lose up to 80% of the stated principal amount of the securities.**

**You will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, if the index closing value remains below the barrier level for extended periods of time.** The securities will pay a contingent monthly coupon based on the number of index business days in the relevant coupon payment period on which the index closing level of the underlying index is greater than or equal to the barrier level. If, on any index § business day, the index closing value is below the barrier level, no interest will accrue for that day. It is possible that the index closing value will remain below the barrier level for extended periods of time. If you do not earn sufficient contingent monthly coupons over the term of the securities, the overall return on the securities may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity, and may even be zero.

**The securities are subject to our redemption right.** The term of the securities, and thus your opportunity to earn a potentially above-market coupon if the underlying index remains above the barrier level, may be limited by our right to redeem the securities at our option on any monthly redemption date, beginning October 31, 2019. The term of your investment in the securities may be limited to as short as one year. It is more likely that we will redeem the securities when it would be advantageous for you to continue to hold the securities. As such, we will be more likely § to redeem the securities when the index closing value of the underlying index is at or above the barrier level, which would otherwise result in an amount of interest payable on the securities that is greater than instruments of a comparable maturity and credit rating trading in the market. In other words, we will be more likely to redeem the securities when the securities are paying an above-market coupon. If the securities are redeemed prior to maturity, you will receive no more contingent monthly coupon payments, may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns.

On the other hand, we will be less likely to exercise our redemption right when the index closing value of the underlying index is below the barrier level and/or when the final index value is expected to be below the barrier level,

such that you will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, and/or that you will suffer a significant loss on your initial investment in the securities at maturity. Therefore, if we do not exercise our redemption right, it is more likely that you will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all, and suffer a loss at maturity.

**Investors will not participate in any appreciation in the value of the underlying index.** Investors will not participate in any appreciation in the value of the underlying index from the initial index value, and the return on the securities will be limited to the contingent monthly coupons, if any, that are paid with respect to each index business day during each coupon payment period on which the index closing value is greater than or equal to the barrier level § until the securities are redeemed or reach maturity. It is possible that the index closing value could be below the barrier level on most or all of the index business days during each coupon payment period so that you will receive reduced contingent monthly coupon payments, or no contingent monthly coupon payments at all. If you do not earn sufficient contingent monthly coupons over the term of the securities, the overall return on the securities may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity.

**If there are no accrual days in any coupon payment period, we will not pay any contingent monthly coupon on § the securities for that coupon payment period and the market value of the securities may decrease significantly.** It is

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possible that the index closing level of the S&P 500® Index will be less than the barrier level for many days during any monthly coupon payment period such that the coupon payment for that monthly interest payment period will be less than the amount that would be paid on an ordinary debt security and may even be zero. In addition, to the extent that the index closing value of the index is less than the barrier level on any number of days during a coupon payment period, the market value of the securities may decrease and you may receive substantially less than the stated principal amount if you wish to sell your securities at such time.

**The market price will be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, will influence the value of the securities in the secondary market and the price at which MS & Co. may be willing to purchase or sell the securities in the secondary market. We expect that generally the level of interest rates available in the market and the value of the underlying index on any day, including in relation to the barrier level, will affect the value of the securities more than any other factors. Other factors that may influence the value of the securities include:

- o the volatility (frequency and magnitude of changes in value) of the S&P 500® Index,

- o whether the index closing value of the S&P 500® Index is currently or has been below the barrier level on any index business day,

- o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the component stocks of the underlying index or securities markets generally and which may affect the value of the underlying index,

- o dividend rates on the securities underlying the S&P 500® Index,

- o the time remaining until the securities mature,

- o interest and yield rates in the market,

- o the availability of comparable instruments,

- o the composition of the S&P 500® Index and changes in the constituent stocks of such index, and

- o any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the price that you will receive if you sell your securities prior to maturity. Generally, the longer the time remaining to maturity, the more the market price of the securities will be affected by the other factors described above. In particular, if the underlying index has closed near or below the barrier level, the market value of the securities is expected to decrease substantially and you may have to sell your securities at a substantial discount from the stated principal amount of \$1,000 per security.

You cannot predict the future performance of the S&P 500<sup>®</sup> Index based on its historical performance. The value of the underlying index may decrease and be below the barrier level on each index business day so that you will receive no contingent monthly coupons and you will lose some or a significant portion of your investment. There can be no assurance that the index closing value of the underlying index will be greater than or equal to the barrier level on any index business day so that you will receive any contingent monthly coupon during the term of the securities, or that it will be greater than or equal to the barrier level on the final observation date so that you do not suffer a significant loss on your initial investment in the securities. See “S&P 500<sup>®</sup> Index Historical Performance” below.

**The securities 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 securities.** You are dependent on our ability to pay all amounts due on the securities on each contingent coupon payment date, upon early redemption, or at maturity, and therefore you are subject to our credit risk. If we default on our obligations under the securities, your investment § would be at risk and you could lose some or all of your investment. As a result, the market value of the securities prior to early redemption or 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 securities.

**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.

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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

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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.

**Not equivalent to investing in the underlying index.** Investing in the securities is not equivalent to investing in the underlying index or its component stocks. Investors in the securities 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, and investors will not participate in any appreciation of the underlying index over the term of the securities.

**The securities will not be listed on any securities exchange and secondary trading may be limited.** Accordingly, you should be willing to hold your securities for the entire 7.5-year term of the securities. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. MS & Co. may, but is not obligated to, make a market in the securities 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 securities, 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 securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Since other broker-dealers may not participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities 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 securities, it is likely that there would be no secondary market for the securities. Accordingly, you should be willing to hold your securities to maturity.

**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 securities in the original issue price reduce the economic terms of the securities, cause the estimated value of the securities 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 securities 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 securities in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the securities less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 12 months following the issue date, to the extent that MS & Co. may buy or sell the securities 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.

**The estimated value of the securities 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 securities than those § generated by others, including other dealers in the market, if they attempted to value the securities. 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 securities in the secondary market (if any exists) at any time. The value of your securities 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 will be influenced by many unpredictable factors” above.

**Hedging and trading activity by our affiliates could potentially affect the value of the securities.** One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the securities (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 securities, and the hedging strategy may involve



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greater and more frequent dynamic adjustments to the hedge as the final observation 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 have increased the initial index value, and, therefore, could have increased the barrier level, which, if the securities have not been redeemed, is the value at or above which the underlying index must close on each index business day for the contingent monthly coupon to accrue on the securities, and the value at or above which the underlying index must close on the final observation date so that you are not exposed to the negative performance of the underlying index at maturity. Additionally, such hedging or trading activities during the term of the securities could potentially affect the value of the underlying index, and, accordingly, the payout to you at maturity and whether we pay a contingent monthly coupon on the securities.

**The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities.** As calculation agent, MS & Co. has determined the initial index value and the barrier level, and will determine the index closing value throughout each coupon payment period, including the final index value, whether the contingent monthly coupon will be paid on each contingent coupon payment date, whether a market disruption event has occurred, and the payment that you will 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 index closing value in the event of a market disruption event or discontinuance of the underlying index. These potentially subjective determinations may affect the payout to you upon an optional early redemption or at maturity. For further information regarding these types of determinations, see “Additional Information About the Securities—Additional Provisions—Calculation agent,” “—Market disruption event,” “—Postponement of the final observation date,” “—Discontinuance of an underlying index; alteration of method of calculation” and “—Alternate exchange calculation in case of an event of default,” below. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

**Adjustments to the underlying index could adversely affect the value of the securities.** The publisher of the underlying index may add, delete or substitute the component stocks of the underlying index or make other methodological changes that could change the value of the underlying index. Any of these actions could adversely affect the value of the securities. The publisher of the underlying index may also discontinue or suspend calculation or publication of the underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued index. MS & Co. could have an economic interest that is different than that of investors in the securities insofar as, for example, MS & Co. is § permitted to consider indices that are calculated and published by MS & Co. or any of its affiliates. If MS & Co. determines that there is no appropriate successor index on the relevant date of calculation, the determination of the amount of any contingent monthly coupon payable on the securities on the applicable contingent coupon payment date or the determination of the payment at maturity, as applicable, will be based on whether the value of the underlying index based on the closing prices of the stocks constituting the underlying index at the time of such discontinuance, without rebalancing or substitution, computed by MS & Co. as calculation agent in accordance with the formula for calculating the underlying index last in effect prior to such discontinuance, is less than the barrier level.

**The U.S. federal income tax consequences of an investment in the securities are uncertain.** There is no direct § legal authority as to the proper treatment of the securities for U.S. federal income tax purposes, and, therefore, significant aspects of the tax treatment of the securities are uncertain.

Please read the discussion under “Additional Provisions—Tax considerations” in this document concerning the U.S. federal income tax consequences of an investment in the securities. We intend to treat a security for U.S. federal income tax purposes as a single financial contract that provides for a coupon that will be treated as gross income to you at the time received or accrued, in accordance with your regular method of tax accounting. Under this treatment, the ordinary income treatment of the coupon payments, in conjunction with the capital loss treatment of any loss recognized upon the sale, exchange or settlement of the securities, could result in adverse tax consequences to holders of the securities because the deductibility of capital losses is subject to limitations. We do not plan to request a ruling from the Internal Revenue Service (the “IRS”) regarding the tax treatment of the securities, and the IRS or a court may not agree with the tax treatment described herein. If the IRS were successful in asserting an alternative treatment for the securities, the timing and character of income or loss on the securities might differ significantly from the tax treatment described herein. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders (as defined below) would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of issuance (as adjusted based on the difference, if any, between the actual and the projected amount of any contingent payments on the securities) and recognize all income and gain in respect of the

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securities as ordinary income. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features.

**Non-U.S. Holders (as defined below) should note that we currently intend to withhold on any coupon paid to Non-U.S. Holders generally at a rate of 30%, or at a reduced rate specified by an applicable income tax treaty under an “other income” or similar provision, and will not be required to pay any additional amounts with respect to amounts withheld.**

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. While it is not clear whether the securities would be viewed as similar to the prepaid forward contracts described in the notice, it is possible that 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 securities, possibly with retroactive effect. The notice focuses on a number of issues, the most relevant of which for holders of the securities are the character and timing of income or loss and the degree, if any, to which income realized by non-U.S. investors should be subject to withholding tax. 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 securities, 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.

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S&P 500® Index Historical Performance

The following graph sets forth the daily closing values of the underlying index for the period from January 1, 2008 through October 26, 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 from January 1, 2008 through October 26, 2018. The closing value of the underlying index on October 26, 2018 was 2,658.69. We obtained the information in the table below from Bloomberg Financial Markets, without independent verification. The historical values of the underlying index should not be taken as an indication of future performance, and no assurance can be given as to the closing value of the underlying index on any day during any coupon payment period or the final observation date.

Underlying Index Daily Closing Values

January 1, 2008 to October 26, 2018

\* The black solid line in the graph indicates the barrier level of 2,126.952, which is 80% of the initial index value.

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| S&P 500® Index | High     | Low      | Period End |
|----------------|----------|----------|------------|
| <b>2008</b>    |          |          |            |
| First Quarter  | 1,447.16 | 1,273.37 | 1,322.70   |
| Second Quarter | 1,426.63 | 1,278.38 | 1,280.00   |
| Third Quarter  | 1,305.32 | 1,106.39 | 1,166.36   |
| Fourth Quarter | 1,161.07 | 752.44   | 903.25     |
| <b>2009</b>    |          |          |            |
| First Quarter  | 934.70   | 676.53   | 797.87     |
| Second Quarter | 946.21   | 811.08   | 919.32     |
| Third Quarter  | 1,071.66 | 879.13   | 1,057.08   |
| Fourth Quarter | 1,127.78 | 1,025.21 | 1,115.10   |
| <b>2010</b>    |          |          |            |
| First Quarter  | 1,174.17 | 1,056.74 | 1,169.43   |
| Second Quarter | 1,217.28 | 1,030.71 | 1,030.71   |
| Third Quarter  | 1,148.67 | 1,022.58 | 1,141.20   |
| Fourth Quarter | 1,259.78 | 1,137.03 | 1,257.64   |
| <b>2011</b>    |          |          |            |
| First Quarter  | 1,343.01 | 1,256.88 | 1,325.83   |
| Second Quarter | 1,363.61 | 1,265.42 | 1,320.64   |
| Third Quarter  | 1,353.22 | 1,119.46 | 1,131.42   |
| Fourth Quarter | 1,285.09 | 1,099.23 | 1,257.61   |
| <b>2012</b>    |          |          |            |
| First Quarter  | 1,416.51 | 1,277.06 | 1,408.47   |
| Second Quarter | 1,419.04 | 1,278.05 | 1,362.16   |
| Third Quarter  | 1,465.77 | 1,334.76 | 1,440.67   |
| Fourth Quarter | 1,461.40 | 1,353.33 | 1,426.19   |
| <b>2013</b>    |          |          |            |
| 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   |
| <b>2014</b>    |          |          |            |
| 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   |
| <b>2015</b>    |          |          |            |
| 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   |
| <b>2016</b>    |          |          |            |
| 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   |

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|   |                          |
|---|--------------------------|
| Fourth Quarter                            | 2,271.722,085.182,238.83 |
| <b>2017</b>                               |                          |
| First Quarter                             | 2,395.962,257.832,362.72 |
| Second Quarter                            | 2,453.462,328.952,423.41 |
| Third Quarter                             | 2,519.362,409.752,519.36 |
| Fourth Quarter                            | 2,690.162,529.122,673.61 |
| <b>2018</b>                               |                          |
| First Quarter                             | 2,872.872,581.002,640.87 |
| Second Quarter                            | 2,786.852,581.882,718.37 |
| Third Quarter                             | 2,930.752,713.222,913.98 |
| Fourth Quarter (through October 26, 2018) | 2,925.512,656.102,658.69 |

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Additional Information About the Securities

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

Additional

Provisions:

Interest period: Monthly

Day count convention: 30/360

Underlying index publisher: S&P Dow Jones Indices LLC

Denominations: \$1,000 per security and integral multiples thereof

Book entry security or certificated security:

Book entry. The securities will be issued in the form of one or more fully registered global securities which will be deposited with, or on behalf of, the depositary and will be registered in the name of a nominee of the depositary. The depositary's nominee will be the only registered holder of the securities. Your beneficial interest in the securities will be evidenced solely by entries on the books of the securities intermediary acting on your behalf as a direct or indirect participant in the depositary. In this pricing supplement, all references to payments or notices to you will mean payments or notices to the depositary, as the registered holder of the securities, for distribution to participants in accordance with the depositary's procedures. For more information regarding the depositary and book entry notes, please read "The Depositary" in the accompanying prospectus supplement and "Forms of Securities—Global Securities—Registered Global Securities" in the accompanying prospectus.

Senior security or subordinated security:

Senior

Specified currency:

U.S. dollars

Record date:

One business day prior to the related scheduled contingent coupon payment date; *provided* that any contingent monthly coupon payable at maturity or upon an early redemption shall be payable to the person to whom the payment at maturity or redemption payment, as the case may be, shall be payable.

Minimum ticketing size:

\$1,000 / 1 security

**Tax considerations:**

**Prospective investors should note that the discussion under the section called "United States Federal Taxation" in the accompanying prospectus supplement does not apply to the securities issued under this document and is superseded by the following discussion.**

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The following is a general discussion of the material U.S. federal income tax consequences and certain estate tax consequences of the ownership and disposition of the securities. This discussion applies only to investors in the securities who:

- purchase the securities in the original offering; and
- hold the securities as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”).

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of the holder’s particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- certain dealers and traders in securities or commodities;
- investors holding the securities as part of a “straddle,” wash sale, conversion transaction, integrated transaction or constructive sale transaction;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- regulated investment companies;
- real estate investment trusts; or
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs” as defined in Section 408 or 408A of the Code, respectively.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds the securities, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding the securities or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal tax consequences of holding and disposing of the securities to you.



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As the law applicable to the U.S. federal income taxation of instruments such as the securities is technical and complex, the discussion below necessarily represents only a general summary. The effect of any applicable state, local or non-U.S. tax laws is not discussed, nor are any alternative minimum tax consequences or consequences resulting from the Medicare tax on investment income. Moreover, the discussion below does not address the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. Persons considering the purchase of the securities should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

## **General**

Due to the absence of statutory, judicial or administrative authorities that directly address the treatment of the securities or instruments that are similar to the securities for U.S. federal income tax purposes, no assurance can be given that the IRS or a court will agree with the tax treatment described herein. We intend to treat a security for U.S. federal income tax purposes as a single financial contract that provides for a coupon that will be treated as gross income to you at the time received or accrued in accordance with your regular method of tax accounting. In the opinion of our counsel, Davis Polk & Wardwell LLP, this treatment of the securities is reasonable under current law; however, our counsel has advised us that it is unable to conclude affirmatively that this treatment is more likely than not to be upheld, and that alternative treatments are possible.

**You should consult your tax adviser regarding all aspects of the U.S. federal tax consequences of an investment in the securities (including possible alternative treatments of the securities). Unless otherwise stated, the following discussion is based on the treatment of each security as described in the previous paragraph.**

## **Tax Consequences to U.S. Holders**

This section applies to you only if you are a U.S. Holder. As used herein, the term “U.S. Holder” means a beneficial owner of a security that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
  
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
  
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

***Tax Treatment of the Securities***

Assuming the treatment of the securities as set forth above is respected, the following U.S. federal income tax consequences should result.

*Tax Basis.* A U.S. Holder’s tax basis in the securities should equal the amount paid by the U.S. Holder to acquire the securities.

*Tax Treatment of Coupon Payments.* Any coupon payment on the securities should be taxable as ordinary income to a U.S. Holder at the time received or accrued, in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

*Sale, Exchange or Settlement of the Securities.* Upon a sale, exchange or settlement of the securities, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized on the sale, exchange or settlement and the U.S. Holder’s tax basis in the securities sold, exchanged or settled. For this purpose, the amount realized does not include any coupon paid at settlement and may not include sale proceeds attributable to an accrued coupon, which may be treated as a coupon payment. Any such gain or loss recognized should be long-term capital gain or loss if the U.S. Holder has held the securities for more than one year at the time of the sale, exchange or settlement, and should be short-term capital gain or loss otherwise. The ordinary income treatment of the coupon payments, in conjunction with the capital loss

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treatment of any loss recognized upon the sale, exchange or settlement of the securities, could result in adverse tax consequences to holders of the securities because the deductibility of capital losses is subject to limitations.

*Possible Alternative Tax Treatments of an Investment in the Securities*

Due to the absence of authorities that directly address the proper tax treatment of the securities, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. In particular, the IRS could seek to analyze the U.S. federal income tax consequences of owning the securities under Treasury regulations governing contingent payment debt instruments (the “Contingent Debt Regulations”). If the IRS were successful in asserting that the Contingent Debt Regulations applied to the securities, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of their issuance, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the securities. Furthermore, any gain realized by a U.S. Holder at maturity or upon a sale, exchange or other disposition of the securities would be treated as ordinary income, and any loss realized would be treated as ordinary loss to the extent of the U.S. Holder’s prior accruals of original issue discount and as capital loss thereafter. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features.

Other alternative federal income tax treatments of the securities are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the securities. 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 on whether to require holders of “prepaid forward contracts” and similar 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; 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; and appropriate transition rules and effective dates. While it is not clear whether instruments such as the securities would be viewed as similar to the prepaid forward contracts described in the notice, 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 securities, possibly with retroactive effect. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the securities, including possible alternative treatments and the issues presented by this notice.

***Backup Withholding and Information Reporting***

Backup withholding may apply in respect of payments on the securities and the payment of proceeds from a sale, exchange or other disposition of the securities, unless a U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. In addition, information returns will be filed with the IRS in connection with payments on the securities and the payment of proceeds from a sale, exchange or other disposition of the securities, unless the U.S. Holder provides proof of an applicable exemption from the information reporting rules.

**Tax Consequences to Non-U.S. Holders**

This section applies to you only if you are a Non-U.S. Holder. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a security that is for U.S. federal income tax purposes:

- an individual who is classified as a nonresident alien;
  
- a foreign corporation; or
  
- a foreign estate or trust.

The term "Non-U.S. Holder" does not include any of the following holders:

- a holder who is an individual present in the United States for 183 days or more in the taxable

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year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes;

- certain former citizens or residents of the United States; or
- a holder for whom income or gain in respect of the securities is effectively connected with the conduct of a trade or business in the United States.

Such holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the securities.

Although significant aspects of the tax treatment of each security are uncertain, we intend to withhold on any coupon paid to a Non-U.S. Holder generally at a rate of 30% or at a reduced rate specified by an applicable income tax treaty under an “other income” or similar provision. We will not be required to pay any additional amounts with respect to amounts withheld. In order to claim an exemption from, or a reduction in, the 30% withholding tax, a Non-U.S. Holder of the securities must comply with certification requirements to establish that it is not a U.S. person and is eligible for such an exemption or reduction under an applicable tax treaty. If you are a Non-U.S. Holder, you should consult your tax adviser regarding the tax treatment of the securities, including the possibility of obtaining a refund of any withholding tax and the certification requirement described above.

### ***Section 871(m) Withholding Tax on Dividend Equivalents***

Section 871(m) of the Code 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, 2021 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the securities do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the securities 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 Section 871(m) 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 securities.

### ***U.S. Federal Estate Tax***

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that, absent an applicable treaty exemption, the securities may be treated as U.S.-situs property subject to U.S. federal estate tax. Prospective investors that are non-U.S. individuals, or are entities of the type described above, should consult their tax advisers regarding the U.S. federal estate tax consequences of an investment in the securities.

### ***Backup Withholding and Information Reporting***

Information returns will be filed with the IRS in connection with any coupon payment and may be filed with the IRS in connection with the payment at maturity on the securities and the payment of proceeds from a sale, exchange or other disposition. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

### **FATCA**

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments to

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certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. FATCA generally applies to certain financial instruments that are treated as paying U.S.-source interest or other U.S.-source "fixed or determinable annual or periodical" income ("FDAP income"). Withholding (if applicable) applies to payments of U.S.-source FDAP income and, for dispositions after December 31, 2018, to payments of gross proceeds of the disposition (including upon retirement) of certain financial instruments treated as providing for U.S.-source interest or dividends. While the treatment of the securities is unclear, you should assume that any coupon payment with respect to the securities will be subject to the FATCA rules. It is also possible in light of this uncertainty that an applicable withholding agent will treat gross proceeds of a disposition (including upon retirement) of the securities after 2018 as being subject to the FATCA rules. If withholding applies to the securities, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the potential application of FATCA to the securities.

**The discussion in the preceding paragraphs, insofar as it purports to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitutes the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the securities.**

Trustee: The Bank of New York Mellon, a New York banking corporation

Calculation agent: The calculation agent for the securities will be MS & Co. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you, the trustee and us.

All calculations with respect to the contingent monthly coupon, the redemption payment and the payment at maturity shall be made by the calculation agent and shall be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., .876545 would be rounded to .87655); all dollar amounts related to determination of the amount of cash payable per stated principal amount shall be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (e.g., .76545 would be rounded up to .7655); and all dollar amounts paid on the aggregate principal amount of the securities shall be rounded to the nearest cent, with one-half cent rounded upward.

Because the calculation agent is our affiliate, the economic interests of the calculation agent and its affiliates may be adverse to your interests as an investor in the securities, including with respect to certain determinations and judgments that the calculation agent must make in determining the payment that you will receive, if any, on each contingent coupon payment date and at maturity or whether a market disruption event has occurred. See "Market disruption event" and "Discontinuance of the underlying index;

alteration of method of calculation” below. MS & Co. is obligated to carry out its duties and functions as calculation agent in good faith and using its reasonable judgment.

**Business day:** Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

**Index business day:** A day, as determined by the calculation agent, on which trading is generally conducted on each of the relevant exchange(s) for the underlying index, other than a day on which trading on such exchange(s) is scheduled to close prior to the time of the posting of its regular final weekday closing price.

**Index closing value:** Index closing value on any index business day means the closing value of the underlying index, or any successor index as defined under “Discontinuance of the underlying index; alteration of method of calculation” below, published at the regular official weekday close of trading on such index business day by the underlying index publisher, as determined by the calculation agent. In certain circumstances, the index closing value for the underlying index will be based on an alternate calculation of the underlying index as described under “Discontinuance of the underlying index; alteration of method of calculation” below.

With respect to the underlying index, market disruption event means:

(i) the occurrence or existence of any of:

**Market disruption event:** (a) a suspension, absence or material limitation of trading of securities then constituting 20 percent or more of the value of the underlying index (or the successor index) on the relevant exchange(s) for such securities for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such relevant exchange(s), or

(b) a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for securities then constituting 20 percent or more of the value of the underlying index (or the successor index) during the last one-half hour preceding the close of the principal trading session on such relevant exchange(s) are



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materially inaccurate, or

(c) the suspension, material limitation or absence of trading on any major U.S. securities market for trading in futures or options contracts or exchange-traded funds related to the underlying index (or the successor index) for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such market,

in each case as determined by the calculation agent in its sole discretion; and

(ii) a determination by the calculation agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position with respect to the securities.

For the purpose of determining whether a market disruption event exists at any time, if trading in a security included in the underlying index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the value of the underlying index shall be based on a comparison of (x) the portion of the value of the underlying index attributable to that security relative to (y) the overall value of the underlying index, in each case immediately before that suspension or limitation.

For the purpose of determining whether a market disruption event exists at any time: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market, (2) a decision to permanently discontinue trading in the relevant futures or options contract or exchange-traded fund will not constitute a market disruption event, (3) a suspension of trading in futures or options contracts or exchange-traded funds on the underlying index by the primary securities market trading in such contracts or funds by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or funds or (c) a disparity in bid and ask quotes relating to such contracts or funds will constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange-traded funds related to the underlying index and (4) a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary market on which futures or options contracts or exchange-traded funds related to the underlying index are traded will not

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| Relevant exchange:   | include any time when such securities market is itself closed for trading under ordinary circumstances.<br>With respect to the underlying index or its successor index, the primary exchange(s) or market(s) of trading for (i) any security then included in such index and (ii) any futures or options contracts related to such index or to any security then included in such index.   |
| Postponement of the final observation date:                                    | If the final observation date is not an index business day or if there is a market disruption event on such day, the final observation date shall be the next succeeding index business day on which there is no market disruption event; <i>provided</i> that if a market disruption event has occurred on each of the five index business days immediately succeeding the final observation date, then (i) such fifth succeeding index business day shall be deemed to be the final observation date, notwithstanding the occurrence of a market disruption event on such day and (ii) with respect to any such fifth index business day on which a market disruption event occurs, the calculation agent shall determine the index closing value on such fifth index business day in accordance with the formula for and method of calculating the underlying index last in effect prior to the commencement of the market disruption event, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing price that would have prevailed but for such suspension or limitation) at the close of the principal trading session of the relevant exchange on such index business day of each security most recently constituting the underlying index without any rebalancing or substitution of such securities following the commencement of the market disruption event. |
| Postponement of contingent coupon payment dates (including the maturity date): | If any scheduled contingent coupon payment date is not a business day, that contingent monthly coupon, if any, shall be paid on the next succeeding business day; <i>provided</i> that the contingent monthly coupon, if any, with respect to the final observation date shall be paid on the maturity date; <i>provided further</i> that if, due to a market disruption event or otherwise, final observation date is postponed so that it falls less than two business days prior to the scheduled maturity date, the maturity date shall be postponed to the second business day following that final observation date as postponed. In any of these cases, no adjustment shall be made to any payment made on that postponed date.   |
| Discontinuance of the underlying index; alteration of method of calculation:   | If the underlying index publisher discontinues publication of the underlying index and the underlying index publisher or another entity (including MS & Co.) publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued index (such index being referred to herein as the “successor index”), then any subsequent index closing value will be determined by reference to the published value of such successor index at the regular weekday close of trading on any index business day that the index closing value is to be determined, and, to the extent the index closing value of the successor index differs from the index closing value of the underlying index at the  |

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