

MORGAN STANLEY  
Form 424B2  
August 08, 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> |
|---|---|-----------------------------------|
| Equity-Linked Partial Principal at Risk Securities due 2025 | \$1,000,000                             | \$124.50                          |

**August 2018**

Pricing Supplement No. 869

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

Dated August 6, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Equity-Linked Partial Principal at Risk Securities due August 11, 2025

Fully and Unconditionally Guaranteed by Morgan Stanley

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500<sup>®</sup> Index, the EURO STOXX 50<sup>®</sup> Index and the Nikkei 225 Index**

The Equity-Linked Partial Principal at Risk Securities, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities will pay no interest, provide for a minimum payment amount of only 90% of principal at maturity and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented and modified by this document. At maturity, if the basket of three indices has appreciated in value, investors will receive the stated principal amount of \$1,000 plus a supplemental redemption amount, if any, based on the closing value of the basket on the determination date. However, if at maturity the basket has depreciated in value, investors will lose 1% for every 1% decline of the final basket closing value from the initial basket value, subject to the minimum payment amount. **Investors may lose up to 10% of the stated principal amount of the securities.** These long-dated securities are for investors who are concerned about principal risk, but seek a return based on a basket of equity indices, and who are willing to risk 10% of their principal and to forgo current income in exchange for the repayment of at least 90% of principal at maturity plus the potential to receive a supplemental redemption amount, if any. The securities are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

All payments on the securities, including the payment of the minimum payment amount at maturity, are subject to our credit risk. If we default on our obligations, you could lose some or all 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  
**Issue price:** \$1,000 per security (see “Commissions and issue price” below)  
**Stated principal amount:** \$1,000 per security  
**Aggregate principal amount:** \$1,000,000  
**Pricing date:** August 6, 2018  
**Original issue date:** August 9, 2018 (3 business days after the pricing date)  
**Maturity date:** August 11, 2025  
**Interest:** None

| Basket: Basket component*               | Ticker symbol* | Basket component weighting | Initial index value | Multiplier  |
|---|----------------|----------------------------|---------------------|-------------|
| S&P 500® Index (the “SPX Index”)        | SPX            | 33.3333%                   | 2,850.40            | 0.011694253 |
| EURO STOXX 50® Index (the “SX5E Index”) | SX5E           | 33.3333%                   | 3,483.30            | 0.009569460 |
| Nikkei 225 Index (the “NKY Index”)      | NKY            | 33.3333%                   | 22,507.32           | 0.001480998 |

\* Ticker symbols are being provided for reference purposes only. We refer to the SPX Index, the SX5E Index and the NKY Index, collectively, as the underlying indices.

The payment due at maturity per \$1,000 stated principal amount will equal:

- If the final basket closing value is greater than the initial basket value:

\$1,000 + supplemental redemption amount, if any.

- If the final basket closing value is *less than or equal to* the initial basket value:

\$1,000 x (final basket closing value / initial basket value), subject to the minimum payment amount

*Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000 per security by an amount that is proportionate to the percentage decline of the basket. However, under no circumstances will the payment due at maturity be less than the minimum payment amount of \$900 per security.*

**Supplemental redemption amount:** (i) \$1,000 *times* (ii) the basket percent change *times* (iii) the participation rate, *provided* that the supplemental redemption amount will not be less than \$0.

**Minimum payment amount:** \$900 per security (90% of the stated principal amount)

**Participation rate:** 208%

**Maximum payment at maturity:** None

**Basket percent change:** (final basket closing value – initial basket value) / initial basket value

**Listing:** The securities will not be listed on any securities exchange.

*Terms continued on the following page*

**Agent:** Morgan Stanley & Co. LLC (“MS & Co.”), an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See “Supplemental information regarding plan of distribution; conflicts of interest.”

**Estimated value on the pricing date:** \$965.10 per security. See “Investment Summary” on page 3.

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

**Per security** \$1,000 \$10 \$990

**Total** \$1,000,000 \$10,000 \$990,000

*Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$10 for each security they sell. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.*

*(2) See “Use of proceeds and hedging” on page 18.*

**The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 7.**

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

**The securities are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.**

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

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

**Product Supplement for Equity-Linked Partial Principal at Risk Securities dated November 16, 2017**

**Index Supplement dated November 16, 2017**

**Prospectus dated November 16, 2017**

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**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the EURO STOXX 50® Index and the Nikkei 225 Index**

*Terms continued from previous page:*

|                                    |   |
|------------------------------------|---|
| <b>Initial basket value:</b>       | The initial basket value is 100, which is equal to the sum of the products of (i) the initial index value of each basket component, as set forth under “Basket—Initial index value” above, and (ii) the multiplier for such basket component, as set forth under “Basket—Multiplier” above, each as determined on the pricing date. |
| <b>Final basket closing value:</b> | The basket closing value on the determination date  |
| <b>Determination date:</b>         | August 6, 2025, subject to postponement for non-index business days and certain market disruption events  |
| <b>Basket closing value:</b>       | On any date, the sum of the products of (i) the closing value of each basket component on such date, and (ii) the multiplier for such basket component.   |
| <b>Multiplier:</b>                 | The multiplier for each basket component was set on the pricing date so that each basket component represents its applicable basket component weighting in the predetermined initial basket value of 100. Each multiplier will remain constant for the term of the securities.  |
| <b>CUSIP:</b>                      | 61768DBW4   |
| <b>ISIN:</b>                       | US61768DBW48  |

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Investment Summary

**Equity-Linked Partial Principal at Risk Securities**

The Equity-Linked Partial Principal at Risk Securities due August 11, 2025 Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the EURO STOXX 50® Index and the Nikkei 225 Index (the “securities”) offer the potential for a supplemental redemption amount at maturity based on the closing value of a basket of three indices on the determination date while maintaining 1:1 downside exposure to any depreciation of the basket, subject to the minimum payment amount at maturity of \$900 per security.

At maturity, if the final basket closing value is **greater than** the initial basket value, the securities will pay the stated principal amount of \$1,000 plus a supplemental redemption amount. The supplemental redemption amount provides 208% upside participation (e.g., if the basket appreciates 10% from the initial basket value to the final basket closing value, the investor receives 100% of principal plus 20.8% at maturity) in the performance of the basket. If the final basket closing value is **equal to or less than** the initial basket value, the payment at maturity per security will be equal to or less than the \$1,000 principal amount by an amount proportionate to the decline in the basket as of the determination date, subject to the minimum payment amount of \$900 per security. The securities do not pay interest, and all payments on the securities, including the payment of the minimum payment amount at maturity, are subject to our credit risk.

|                         |   |
|-------------------------|---|
| Maturity:               | Approximately 7 years   |
| Minimum payment amount: | \$900 per security (90% of the stated principal amount). You could lose up to 10% of the stated principal amount of the securities. |
| Participation rate:     | 208%  |
| Interest:               | None  |

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 \$965.10.

*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 indices. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying indices, instruments based on the underlying indices, 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 minimum payment amount and the participation rate, 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 indices, 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-

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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 indices, 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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Key Investment Rationale

The securities offer investors exposure to the performance of an equally weighted basket composed of the S&P 500<sup>®</sup> Index, the EURO STOXX 50<sup>®</sup> Index and the Nikkei 225 Index, while providing for a minimum repayment of 90% of the stated principal amount if the securities are held to maturity, in exchange for forgoing current income and interest. They are for investors who are concerned about principal risk, but seek a return based on a basket of equity indices, and who are willing to risk 10% of their principal and to forgo current income in exchange for the repayment of at least 90% of principal at maturity plus the potential to receive a supplemental redemption amount, if any.

|  |  |
|--|--|
| Minimum Payment Amount of 90% of Principal at Maturity | The securities provide for the minimum payment amount of 90% of principal if held to maturity, subject to our creditworthiness.  |
| Upside Scenario  | The basket closing value on the determination date is greater than the initial basket value of 100, and, at maturity, the securities pay the stated principal amount of \$1,000 <i>plus</i> 208% of the positive percent change from the initial basket value to the final basket closing value. There is no limitation on the appreciation potential. |
| Downside Scenario                                      | The final basket closing value is less than the initial basket value, and, at maturity, the securities redeem for less than the \$1,000 stated principal amount by an amount proportionate to the decline in the value of the basket, subject to the minimum payment amount of \$900 per security (90% of the stated principal amount).                |

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How the Securities Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the securities, based on the following terms:

**Stated principal amount:** \$1,000 per security  
**Participation rate:** 208%  
**Minimum payment amount** \$900 per security (90% of the stated principal amount)

**Payoff Diagram**

How it works

**Upside Scenario.** If the final basket closing value is **greater than** the initial basket value, investors would receive the \$1,000 stated principal amount plus 208% participation in the appreciation of the basket.

- o If the basket appreciates 10%, investors would receive a 20.8% return, or \$1,208 per security.

**Par or Downside Scenario.** If the final basket closing value is **less than or equal to** the initial basket value, investors would receive an amount less than or equal to the \$1,000 stated principal amount, based on a 1% loss of principal for each 1% decline in the basket over the term of the securities, subject to the minimum payment amount of \$900 per security.

If the basket depreciates 1.50% from the initial basket value to the final basket closing value, investors would lose 1.50% of their principal and receive only \$985 per security at maturity, or 98.50% of the stated principal amount.

If the basket depreciates 50% from the initial basket value to the final basket closing value, investors would receive the minimum payment amount of \$900 per security at maturity, or 90% of the stated principal amount.

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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 product supplement, index supplement and prospectus. You should also consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the securities.*

**The securities do not pay interest and provide for a minimum payment amount of only 90% of principal.** The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest and provide for a minimum payment amount of only 90% of principal at maturity. If the basket has depreciated over the term of the securities, the payout at maturity will be an amount in cash that is less than the \$1,000 stated principal amount of each security by an amount proportionate to the decrease in the value of the basket, subject to the minimum payment amount of \$900 per security (90% of the stated principal amount). **You could lose up to 10% of your investment in the securities.**

**Changes in the value of the basket components may offset each other.** Movements in the levels of the basket components may not correlate with each other. At a time when the level of one basket component increases, the levels of the other basket components may decline in value. Therefore, in calculating the payment at maturity, increases in the level of one basket component may be moderated, or wholly offset, by declines in the levels of the other basket components.

**The market price of the securities 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, including the values of the basket components at any time, the volatility (frequency and magnitude of changes in value) of the underlying indices, dividend rate on the stocks underlying the underlying indices, interest and yield rates in the market, time remaining until the securities mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying indices or equities markets generally and which may affect the closing values of the underlying indices on the determination date and the actual or anticipated changes in our credit ratings or credit spreads. 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. The values of the underlying indices may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See “Historical Information” below. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to maturity.**

**There are risks associated with investments in securities linked to the value of foreign equity securities.** The securities are linked to the value of foreign equity securities. Investments in securities linked to the value of foreign

equity securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the United States Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued in foreign markets may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in such countries may differ favorably or unfavorably from the economy in the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payment positions.

**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 at maturity and therefore you are subject to our credit risk. If we default

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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 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. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank pari passu with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated pari passu with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

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

**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 indices, 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

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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 of the securities will be influenced by many unpredictable factors” above.

**Adjustments to the basket components could adversely affect the value of the securities.** The index publisher of a basket component can add, delete or substitute the stocks underlying basket component, and can make other methodological changes that could change the value of such basket component. Any of these actions could adversely affect the value of the securities. In addition the index publisher of a basket component may discontinue or suspend calculation or publication of such basket component 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 basket component and 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 determination date, the index closing value on the determination date will be an amount based on the stocks underlying the discontinued 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 index closing value last in effect prior to discontinuance of the index.

**Investing in the securities is not equivalent to investing in the basket components; you have no shareholder or other rights in the basket components and are exposed to our credit risk.** Investing in the securities is not equivalent to investing in the basket components. As an investor in the securities, you will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to the component stocks of either basket component. Furthermore, investing in the securities is not equivalent to investing in the basket components or their component stocks. In addition, you are subject to our credit risk.

**The securities will not be listed on any securities exchange and secondary trading may be limited.** 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 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 multiplier for each basket component, will determine the final basket closing value and the basket percent change and will calculate the amount of cash 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 basket closing value in the event of a discontinuance of any basket component or a market disruption event with respect to any basket component. These potentially subjective determinations may affect the payout to you at maturity. For further information regarding these types of determinations, see “Description of Equity-Linked Partial Principal at Risk Securities—Supplemental Redemption Amount,” “—Calculation Agent and Calculations,” “—Alternate Exchange Calculation in the Case of an Event of Default” and “—Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

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**Hedging and trading activity by our affiliates could potentially adversely 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 indices or their component stocks), including trading in the component stocks of the underlying indices and in other instruments related to the underlying indices. As a result, these entities may be unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the determination date approaches. Some of our affiliates also trade the component stocks of the underlying indices and other financial instruments related to the underlying indices 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 values, and, therefore, could have increased the values at or above which the underlying indices must close on the determination date so that investors do not suffer a loss on their initial investment in the securities. Additionally, such hedging or trading activities during the term of the securities, including on the determination date, could adversely affect the closing values of the underlying indices on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.

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Basket Overview

**S&P 500<sup>®</sup> Index**

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

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

**EURO STOXX 50<sup>®</sup> Index**

The EURO STOXX 50<sup>®</sup> Index was created by STOXX Limited, which is owned by Deutsche Börse AG and SIX Group AG. Publication of the EURO STOXX 50<sup>®</sup> Index began on February 26, 1998, based on an initial index value of 1,000 at December 31, 1991. The EURO STOXX 50<sup>®</sup> Index is composed of 50 component stocks of market sector leaders from within the STOXX 600 Supersector Indices, which includes stocks selected from the Eurozone. The component stocks have a high degree of liquidity and represent the largest companies across all market sectors. For additional information about the EURO STOXX 50<sup>®</sup> Index, see the information set forth under "EURO STOXX 50<sup>®</sup> Index" in the accompanying index supplement.

"EURO STOXX 50<sup>®</sup>" and "STOXX<sup>®</sup>" are registered trademarks of STOXX Limited. For more information, see "EURO STOXX 50<sup>®</sup> Index" in the accompanying index supplement.

**Nikkei 225 Index**

The Nikkei 225 Index is a stock index calculated, published and disseminated by Nikkei Inc. (formerly known as Nihon Keizai Shimbun, Inc.), which we refer to as Nikkei, that measures the composite price performance of selected Japanese stocks. The Nikkei 225 Index currently is based on 225 underlying stocks trading on the Tokyo Stock Exchange (the “TSE”) representing a broad cross-section of Japanese industries. Stocks listed in the First Section of the TSE are among the most actively traded stocks on the TSE. All 225 Nikkei Underlying Stocks are stocks listed in the First Section of the TSE. Nikkei rules require that the 75 most liquid issues (one-third of the component count of the Nikkei 225 Index) be included in the Nikkei 225 Index. Nikkei first calculated and published the Nikkei 225 Index in 1970. The 225 companies included in the Nikkei 225 Index are divided into six sector categories: technology, financials, consumer goods, materials, capital goods/others and transportation and utilities. For additional information about the Nikkei 225 Index, see the information set forth under “Nikkei 225 Index” in the accompanying index supplement.

Nikkei, the publisher of the Nikkei 225 Index, has the copyright to the Nikkei 225 Index. All rights to the Nikkei 225 Index are owned by Nikkei. Nikkei has the right to change the contents of the Nikkei 225 Index and to cease compilation and publication of the Nikkei 225 Index. In addition, Nikkei has no relationship to us or the securities; it does not sponsor, endorse, authorize, sell or promote the securities, and has no obligation or liability in connection with the administration, marketing or trading of the securities or with the calculation of the return on your investment. For more information, see “Nikkei 225 Index” in the accompanying index supplement.

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due August 11, 2025

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the EURO STOXX 50® Index and the Nikkei 225 Index**

Information as of market close on August 6, 2018:

## Basket Component Information as of August 6, 2018

|                         | Ticker<br>Symbol | Current Basket Component<br>Closing Value | 52 Weeks<br>Ago | 52 Week High                | 52 Week Low                |
|-------------------------|------------------|---|-----------------|-----------------------------|----------------------------|
| S&P 500® Index          | SPX              | 2,850.40                                  | 2,476.83        | 2,872.87 (on<br>1/26/2018)  | 2,425.55 (on<br>8/20/2017) |
| EURO STOXX 50®<br>Index | SX5E             | 3,483.30                                  | 3,507.41        | 3,697.40 (on<br>11/1/2017)  | 3,278.72 (on<br>3/26/2018) |
| Nikkei 225 Index        | NKY              | 22,507.32                                 | 19,952.33       | 24,124.15 (on<br>1/23/2018) | 19,274.82 on<br>9/10/2017) |

The following graph is calculated based on an initial basket value of 100 on January 1, 2013 (assuming that each basket component is weighted as described in “Basket” on the cover page) and illustrates the effect of the offset and/or correlation among the basket components during such period. The graph does not take into account the terms of the securities, nor does it attempt to show in any way your expected return on an investment in the securities. The historical performance of the basket should not be taken as an indication of its future performance.

## Basket Historical Performance

January 1, 2013 to August 6, 2018

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## Historical Information

The following tables set forth the published high and low closing values as well as end-of-quarter closing values for each of the basket components for each quarter in the period from January 1, 2013 through August 6, 2018. The closing values on August 6, 2018 were (i) in the case of the SPX Index, 2,850.40, (ii) in the case of the SX5E Index, 3,483.30, and (iii) in the case of the NKY Index, 22,507.32. The related graphs set forth the daily closing values for each of the basket components in the same period. We obtained the information in the tables and graphs below from Bloomberg Financial Markets, without independent verification. The historical information of the basket components should not be taken as an indication of their future performance, and no assurance can be given as to the basket closing value on the determination date.

| <b>S&amp;P 500® Index</b> | <b>High</b> | <b>Low</b> | <b>Period End</b> |
|---------------------------|-------------|------------|-------------------|
| <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          |
| Fourth Quarter            | 2,271.72    | 2,085.18   | 2,238.83          |
| <b>2017</b>               |             |            |                   |
| First Quarter             | 2,395.96    | 2,257.83   | 2,362.72          |
| Second Quarter            | 2,453.46    | 2,328.95   | 2,423.41          |
| Third Quarter             | 2,519.36    | 2,409.75   | 2,519.36          |
| Fourth Quarter            | 2,690.16    | 2,529.12   | 2,673.61          |
| <b>2018</b>               |             |            |                   |
| First Quarter             | 2,872.87    | 2,581.00   | 2,640.87          |
| Second Quarter            | 2,786.85    | 2,581.88   | 2,718.37          |

Third Quarter (through August 6, 2018) 2,850.40 2,713.222,850.40

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**S&P 500<sup>®</sup> Index**

**Daily Index Closing Values**

January 1, 2013 to August 6, 2018

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| <b>EURO STOXX 50® Index</b>            | <b>High</b> | <b>Low</b> | <b>Period End</b> |
|--|-------------|------------|-------------------|
| <b>2013</b>                            |             |            |                   |
| First Quarter                          | 2,749.27    | 2,570.52   | 2,624.02          |
| Second Quarter                         | 2,835.87    | 2,511.83   | 2,602.59          |
| Third Quarter                          | 2,936.20    | 2,570.76   | 2,893.15          |
| Fourth Quarter                         | 3,111.37    | 2,902.12   | 3,109.00          |
| <b>2014</b>                            |             |            |                   |
| First Quarter                          | 3,172.43    | 2,962.49   | 3,161.60          |
| Second Quarter                         | 3,314.80    | 3,091.52   | 3,228.24          |
| Third Quarter                          | 3,289.75    | 3,006.83   | 3,225.93          |
| Fourth Quarter                         | 3,277.38    | 2,874.65   | 3,146.43          |
| <b>2015</b>                            |             |            |                   |
| First Quarter                          | 3,731.35    | 3,007.91   | 3,697.38          |
| Second Quarter                         | 3,828.78    | 3,424.30   | 3,424.30          |
| Third Quarter                          | 3,686.58    | 3,019.34   | 3,100.67          |
| Fourth Quarter                         | 3,506.45    | 3,069.05   | 3,267.52          |
| <b>2016</b>                            |             |            |                   |
| First Quarter                          | 3,178.01    | 2,680.35   | 3,004.93          |
| Second Quarter                         | 3,151.69    | 2,697.44   | 2,864.74          |
| Third Quarter                          | 3,091.66    | 2,761.37   | 3,002.24          |
| Fourth Quarter                         | 3,290.52    | 2,954.53   | 3,290.52          |
| <b>2017</b>                            |             |            |                   |
| First Quarter                          | 3,500.93    | 3,230.68   | 3,500.93          |
| Second Quarter                         | 3,658.79    | 3,409.78   | 3,441.88          |
| Third Quarter                          | 3,594.85    | 3,388.22   | 3,594.85          |
| Fourth Quarter                         | 3,697.40    | 3,503.96   | 3,503.96          |
| <b>2018</b>                            |             |            |                   |
| First Quarter                          | 3,672.29    | 3,278.72   | 3,361.50          |
| Second Quarter                         | 3,592.18    | 3,340.35   | 3,395.60          |
| Third Quarter (through August 6, 2018) | 3,527.18    | 3,372.21   | 3,483.30          |

**EURO STOXX 50® Index****Daily Index Closing Values**

January 1, 2013 to August 6, 2018

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| <b>Nikkei 225 Index</b>                | <b>High</b> | <b>Low</b> | <b>Period End</b> |
|--|-------------|------------|-------------------|
| <b>2013</b>                            |             |            |                   |
| First Quarter                          | 12,635.69   | 10,486.99  | 12,397.91         |
| Second Quarter                         | 15,627.26   | 12,003.43  | 13,677.32         |
| Third Quarter                          | 14,808.50   | 13,338.46  | 14,455.80         |
| Fourth Quarter                         | 16,291.31   | 13,853.32  | 16,291.31         |
| <b>2014</b>                            |             |            |                   |
| First Quarter                          | 16,121.45   | 14,008.47  | 14,827.83         |
| Second Quarter                         | 15,376.24   | 13,910.16  | 15,162.10         |
| Third Quarter                          | 16,374.14   | 14,778.37  | 16,173.52         |
| Fourth Quarter                         | 17,935.64   | 14,532.51  | 17,450.77         |
| <b>2015</b>                            |             |            |                   |
| First Quarter                          | 19,754.36   | 16,795.96  | 19,206.99         |
| Second Quarter                         | 20,868.03   | 19,034.84  | 20,235.73         |
| Third Quarter                          | 20,841.97   | 16,930.84  | 17,388.15         |
| Fourth Quarter                         | 20,012.40   | 17,722.42  | 19,033.71         |
| <b>2016</b>                            |             |            |                   |
| First Quarter                          | 18,450.98   | 14,952.61  | 16,758.67         |
| Second Quarter                         | 17,572.49   | 14,952.02  | 15,575.92         |
| Third Quarter                          | 17,081.98   | 15,106.98  | 16,449.84         |
| Fourth Quarter                         | 19,494.53   | 16,251.54  | 19,114.37         |
| <b>2017</b>                            |             |            |                   |
| First Quarter                          | 19,633.75   | 18,787.99  | 18,909.26         |
| Second Quarter                         | 20,230.41   | 18,335.63  | 20,033.43         |
| Third Quarter                          | 20,397.58   | 19,274.82  | 20,356.28         |
| Fourth Quarter                         | 22,939.18   | 20,400.78  | 22,764.94         |
| <b>2018</b>                            |             |            |                   |
| First Quarter                          | 24,124.15   | 20,617.86  | 21,454.30         |
| Second Quarter                         | 23,002.37   | 21,292.29  | 22,304.51         |
| Third Quarter (through August 6, 2018) | 22,794.19   | 21,546.99  | 22,507.32         |

**Nikkei 225 Index****Daily Index Closing Values**

January 1, 2013 to August 6, 2018



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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 document.

Additional

Provisions:

**Denominations:** \$1,000 and integral multiples thereof

**Interest:** None

**Call right:** The securities are not callable prior to the maturity date.

**Postponement of maturity date:** If the determination date for any basket component is postponed so that it falls less than two business days prior to the scheduled maturity date, the maturity date will be postponed to the second business day following the final determination date as postponed, by which date the basket percent change will have been determined.

**Minimum ticketing size:** \$1,000 / 1 security

**Trustee:** The Bank of New York Mellon

**Calculation agent:** MS & Co.

**Tax considerations:** In the opinion of our counsel, Davis Polk & Wardwell LLP, the securities should be treated as “contingent payment debt instruments” for U.S. federal income tax purposes, as described in the section of the accompanying product supplement called “United States Federal Taxation—Tax Consequences to U.S. Holders.” Under this treatment, if you are a U.S. taxable investor, you generally will be subject to annual income tax based on the “comparable yield” (as defined in the accompanying product supplement) of the securities, even though no interest is payable on the securities. In addition, any gain recognized by U.S. taxable investors on the sale or exchange, or at maturity, of the securities generally will be treated as ordinary income. We have determined that the “comparable yield” for the securities is a rate of 3.9312% per annum, compounded semi-annually. Based on the comparable yield set forth above, the “projected payment schedule” for a security (assuming an issue price of \$1,000) consists of a single projected amount equal to \$1,313.6325 due at maturity. You should read the discussion under “United States Federal Taxation” in the accompanying product supplement concerning the U.S. federal income tax consequences of an investment in the securities.

The following table states the amount of original issue discount (“OID”) (without taking into account any adjustment to reflect the difference, if any, between the actual and the projected amount of the contingent payment on a security) that will be deemed to have accrued with respect to a security for each accrual period (assuming a day count convention of 30 days per month and 360 days per year), based upon the comparable yield set forth above.

ACCRUAL PERIOD

OID DEEMED TO TOTAL OID DEEMED

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ACCRUE DURING TO HAVE ACCRUED

ACCRUAL PERIOD FROM ORIGINAL

(PER SECURITY) ISSUE DATE (PER

SECURITY) AS OF END

OF ACCRUAL PERIOD

|   |           |            |
|---|-----------|------------|
| Original Issue Date through December 31, 2018 | \$15.3972 | \$15.3972  |
| January 1, 2019 through June 30, 2019         | \$19.9586 | \$35.3558  |
| July 1, 2019 through December 31, 2019        | \$20.3510 | \$55.7068  |
| January 1, 2020 through June 30, 2020         | \$20.7510 | \$76.4578  |
| July 1, 2020 through December 31, 2020        | \$21.1589 | \$97.6167  |
| January 1, 2021 through June 30, 2021         | \$21.5748 | \$119.1915 |
| July 1, 2021 through December 31, 2021        | \$21.9988 | \$141.1903 |
| January 1, 2022 through June 30, 2022         | \$22.4312 | \$163.6215 |
| July 1, 2022 through December 31, 2022        | \$22.8721 | \$186.4936 |
| January 1, 2023 through June 30, 2023         | \$23.3217 | \$209.8153 |
| July 1, 2023 through December 31, 2023        | \$23.7801 | \$233.5954 |
| January 1, 2024 through June 30, 2024         | \$24.2476 | \$257.8430 |
| July 1, 2024 through December 31, 2024        | \$24.7242 | \$282.5672 |
| January 1, 2025 through June 30, 2025         | \$25.2101 | \$307.7773 |
| July 1, 2025 through the Maturity Date        | \$5.8552  | \$313.6325 |

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**The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of U.S. Holders' accruals of OID and adjustments thereto in respect of the securities for U.S. federal income tax purposes, and we make no representation regarding the actual amount of the payment that will be made on a security.**

If you are a non-U.S. investor, please also read the section of the accompanying product supplement called "United States Federal Taxation—Tax Consequences to Non-U.S. Holders."

As discussed in the accompanying product supplement, Section 871(m) of the Internal Revenue Code of 1986, as amended (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 Internal Revenue Service ("IRS") notice, Section 871(m) will not apply to securities issued before January 1, 2019 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the 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 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.

**You should consult your tax adviser regarding all aspects of the U.S. federal income tax consequences of an investment in the securities, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. Moreover, neither this document nor the accompanying product supplement addresses the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code.**

**The discussion in the preceding paragraphs under “Tax considerations” and the discussion contained in the section entitled “United States Federal Taxation” in the accompanying product supplement, insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the securities.**

The proceeds from the sale of the securities will be used by us for general corporate purposes. We will receive, in aggregate, \$1,000 per security issued, because, when we enter into hedging transactions in order to meet our obligations under the securities, our hedging counterparty will reimburse the cost of the agent’s commissions. The costs of the securities borne by you and described on page 3 above comprise the agent’s commissions and the cost of issuing, structuring and hedging the securities.

Use of proceeds and hedging: On or prior to the pricing date, we hedged our anticipated exposure in connection with the securities by entering into hedging transactions with our affiliates and/or third-party dealers. We expect our hedging counterparties to have taken positions in the stocks constituting the underlying indices and in futures and/or options contracts on the underlying indices or the component stocks of the underlying indices listed on major securities markets. Such purchase activity could have increased the initial index values, and, therefore, could have increased the values at or above which the underlying indices must close on the determination date so that investors do not suffer a loss on their initial investment in the securities. In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the securities, including on the determination date, by purchasing and selling the stocks constituting the underlying indices, futures or options contracts on the underlying indices or their component stocks listed on major securities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging activities. As a result, these entities may be unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the determination date approaches. We cannot give any assurance that our hedging activities will not affect the values of the underlying indices, and, therefore, adversely affect the value of the securities or the payment you will receive at maturity. For further information on our use of proceeds and hedging, see “Use of Proceeds and Hedging” in the accompanying product supplement.

**Benefit plan investor considerations:** Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before

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authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also “Plans”). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the securities are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the securities are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these “prohibited transaction” rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the securities. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the issuer of the securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than “adequate consideration” in connection with the transaction (the so-called “service provider” exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the securities.

Because we may be considered a party in interest with respect to many Plans, the securities may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing “plan assets” of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the securities will be

deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the securities that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such securities on behalf of or with “plan assets” of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”) or (b) its purchase, holding and disposition of these securities will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the securities on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief.

The securities are contractual financial instruments. The financial exposure provided by the securities is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the securities. The securities have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the securities.

Each purchaser or holder of any securities acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with

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respect to (A) the design and terms of the securities, (B) the purchaser or holder's investment in the securities, or (C) the exercise of or failure to exercise any rights we have under or with respect to the securities;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the securities and (B) all hedging transactions in connection with our obligations under the securities;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the securities has exclusive responsibility for ensuring that its purchase, holding and disposition of the securities do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any securities to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this document is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of the securities should consult and rely on their own counsel and advisers as to whether an investment in the securities is suitable.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the securities if the account, plan or annuity is for the benefit of an employee of Morgan Stanley, Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the securities by the account, plan or annuity.

**Additional considerations:**

Client accounts over which Morgan Stanley, Morgan Stanley Wealth Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the securities, either directly or indirectly.

Selected dealers, which may include our affiliates, and their financial advisors will collectively receive from the agent a fixed sales commission of \$10 for each security they sell.

**Supplemental information regarding plan of distribution; conflicts of interest:**

MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the securities.

MS & Co. will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm's distribution of the securities of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See "Plan of Distribution (Conflicts of Interest)" and "Use of Proceeds and Hedging" in the accompanying product supplement.

**Validity of the securities:**

In the opinion of Davis Polk & Wardwell LLP, as special counsel to MSFL and Morgan Stanley, when the securities offered by this pricing supplement have been executed and issued by MSFL, authenticated by the trustee pursuant to the MSFL Senior Debt Indenture (as defined in the accompanying prospectus) and delivered against payment as contemplated herein, such securities will be valid and binding obligations of MSFL and the related guarantee will be a valid and binding obligation of Morgan Stanley, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), provided that such counsel expresses no opinion as to (i) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above and (ii) any provision of the MSFL Senior Debt Indenture that purports to avoid the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law by limiting the amount of Morgan Stanley's obligation under the related guarantee.



Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due August 11, 2025

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the EURO STOXX 50® Index and the Nikkei 225 Index**

This opinion is given as of the date hereof and is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the Delaware Limited Liability Company Act. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the MSFL Senior Debt Indenture and its authentication of the securities and the validity, binding nature and enforceability of the MSFL Senior Debt Indenture with respect to the trustee, all as stated in the letter of such counsel dated November 16, 2017, which is Exhibit 5-a to the Registration Statement on Form S-3 filed by Morgan Stanley on November 16, 2017.

**Contact:**

Morgan Stanley clients may contact their local Morgan Stanley branch office or Morgan Stanley's principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087. Morgan Stanley and MSFL have filed a registration statement (including a prospectus, as supplemented by the product supplement for Equity-Linked Partial Principal at Risk Securities and the index supplement) with the Securities and Exchange Commission, or SEC, for the offering to which this communication relates. You should read the prospectus in that registration statement, the product supplement for Equity-Linked Partial Principal at Risk Securities, the index supplement and any other documents relating to this offering that Morgan Stanley and MSFL have filed with the SEC for more complete information about Morgan Stanley, MSFL and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at [www.sec.gov](http://www.sec.gov). Alternatively, Morgan Stanley, MSFL, any underwriter or any dealer participating in the offering will arrange to send you the prospectus, the product supplement for Equity-Linked Partial Principal at Risk Securities and the index supplement if you so request by calling toll-free 800-584-6837.

**Where you can find more information:** You may access these documents on the SEC web site at [www.sec.gov](http://www.sec.gov) as follows:

**[Product Supplement for Equity-Linked Partial Principal at Risk Securities dated November 16, 2017](#)**

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

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

Terms used but not defined in this document are defined in the product supplement for Equity-Linked Partial Principal at Risk Securities, in the index supplement or in the prospectus.

