

MORGAN STANLEY
Form 424B2
May 02, 2019

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>
Performance Leveraged Upside Securities due 2020	\$1,596,500	\$193.50

April 2019

Pricing Supplement No. 1,792

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

Dated April 30, 2019

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

PLUS Based on the Value of the MSCI KLD 400 Social Index due August 4, 2020

Performance Leveraged Upside SecuritiesSM

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The PLUS are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The PLUS will pay no interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying product supplement for PLUS, index supplement and prospectus, as supplemented or modified by this document. At maturity, if the underlying index has **appreciated** in value, investors will receive the stated principal amount of their investment plus leveraged upside performance of the underlying index, subject to the maximum payment at maturity. However, if the underlying index has **depreciated** in value, investors will lose 1% for every 1% decline in the index value over the term of the securities. Under these circumstances, the payment at maturity will be less than the stated principal amount and could be zero. **Accordingly, you may lose your entire investment.** The PLUS are for investors who seek an equity index-based return and who are willing to risk their principal and forgo current income and upside above the maximum payment at maturity in exchange for the leverage feature, which applies for a limited range of upside performance of the underlying index. **Investors may lose their entire initial investment in the PLUS.** The PLUS are notes issued as part of MSFL’s Series

A Global Medium-Term Notes program.

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

FINAL Terms

Issuer: Morgan Stanley Finance LLC
Guarantor: Morgan Stanley
Maturity date: August 4, 2020
Underlying index: MSCI KLD 400 Social Index (Ticker Symbol: KLD400). See “MSCI KLD 400 Social Index Overview” beginning on page 10.
Aggregate principal amount: \$1,596,500
 If the final index value is greater than the initial index value:
 \$10 + leveraged upside payment
In no event will the payment at maturity exceed the maximum payment at maturity

Payment at maturity per PLUS: If the final index value is less than or equal to the initial index value:
 \$10 × index performance factor

Under these circumstances, the payment at maturity will be less than or equal to the stated principal amount of \$10.

Leveraged upside payment: \$10 × leverage factor × index percent increase
Index percent increase: (final index value – initial index value) / initial index value
Initial index value: 1,096.02, which is the index closing value on the pricing date
Final index value: The index closing value on the valuation date
Valuation date: July 30, 2020, subject to postponement for non-index business days and certain market disruption events
Leverage factor: 300%
Index performance factor: Final index value *divided* by the initial index value
Maximum payment at maturity: \$11.225 per PLUS (112.25% of the stated principal amount)
Stated principal amount: \$10 per PLUS
Issue price: \$10 per PLUS (see “Commissions and issue price” below)
Pricing date: April 30, 2019
Original issue date: May 3, 2019 (3 business days after the pricing date)
CUSIP: 61768X713
ISIN: US61768X7131
Listing: The PLUS will not be listed on any securities exchange. 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: \$9.762 per PLUS. See “Investment Summary” beginning on page 2.

Commissions and issue price: Price to public Agent’s commissions and fees Proceeds to us⁽³⁾
Per PLUS \$10 \$0.175⁽¹⁾

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		\$0.05 ⁽²⁾	\$9.775
Total	\$1,596,500	\$35,921.25	\$1,560,578.75

(1) Selected dealers, including Morgan Stanley Wealth Management (an affiliate of the agent), and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$0.175 for each PLUS they sell. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement for PLUS.

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

(3) See “Use of proceeds and hedging” on page 17.

The PLUS involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 6.

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

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

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

Product Supplement for PLUS dated November 16, 2017

Index Supplement dated November 16, 2017

Prospectus dated November 16, 2017

Morgan Stanley Finance LLC

PLUS Based on the Value of the MSCI KLD 400 Social Index due August 4, 2020

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

Investment Summary

Performance Leveraged Upside Securities

Principal at Risk Securities

The PLUS Based on the Value of the MSCI KLD 400 Social Index due August 4, 2020 (the “PLUS”) can be used:

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

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

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

The PLUS are exposed on a 1:1 basis to the negative performance of the underlying index.

Maturity:	Approximately 15 months
Leverage factor:	300% (applicable only if the final index value is greater than the initial index value)
Maximum payment at maturity:	\$11.225 per PLUS (112.25% of the stated principal amount)
Minimum payment at maturity:	None. You could lose your entire initial investment in the PLUS.
Coupon:	None

The original issue price of each PLUS is \$10. This price includes costs associated with issuing, selling, structuring and hedging the PLUS, which are borne by you, and, consequently, the estimated value of the PLUS on the pricing date is less than \$10. We estimate that the value of each PLUS on the pricing date is \$9.762.

What goes into the estimated value on the pricing date?

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

What determines the economic terms of the PLUS?

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

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

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

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Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

Key Investment Rationale

The PLUS offer leveraged exposure to a certain range of positive performance of the MSCI KLD 400 Social Index. In exchange for enhanced performance of 300% of the appreciation of the underlying index, investors forgo performance above the maximum payment at maturity of \$11.225 per PLUS. At maturity, if the underlying index has appreciated in value, investors will receive the stated principal amount of their investment plus leveraged upside performance of the underlying index, subject to the maximum payment at maturity. However, if the underlying index has depreciated in value, investors will lose 1% for every 1% decline in the index value over the term of the securities. Under these circumstances, the payment at maturity will be less than the stated principal amount and could be zero. Investors may lose their entire initial investment in the PLUS. All payments on the PLUS are subject to our credit risk.

Leveraged Performance	The PLUS offer investors an opportunity to capture enhanced returns for a certain range of positive performance relative to a direct investment in the underlying index.
Upside Scenario	The underlying index increases in value, and, at maturity, the PLUS redeem for the stated principal amount of \$10 plus 300% of the index percent increase, subject to the maximum payment at maturity of \$11.225 per PLUS (112.25% of the stated principal amount).
Par Scenario	The final index value is equal to the initial index value. In this case, you receive the stated principal amount of \$10 at maturity.
Downside Scenario	The underlying index declines in value, and, at maturity, the PLUS redeem for less than the stated principal amount by an amount proportionate to the decline in the value of the underlying index over the term of the PLUS. For example, if the final index value is 30% less than the initial index value, the PLUS will redeem at maturity for a loss of 30% of principal at \$7.00, or 70% of the stated principal amount. There is no minimum payment at maturity on the PLUS, and you could lose your entire investment.

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How the PLUS Work

Payoff Diagram

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

Stated principal amount: \$10 per PLUS
Leverage factor: 300%
Maximum payment at maturity: \$11.225 per PLUS (112.25% of the stated principal amount)
Minimum payment at maturity: None
PLUS Payoff Diagram

How it works

§ **Upside Scenario.** If the final index value is greater than the initial index value, investors will receive the \$10 stated principal amount *plus* 300% of the appreciation of the underlying index over the term of the PLUS, subject to the maximum payment at maturity. Under the terms of the PLUS, an investor will realize the maximum payment at maturity of \$11.225 per PLUS (112.25% of the stated principal amount) at a final index value of approximately 104.08% of the initial index value.

§ If the underlying index appreciates 2%, the investor would receive a 6% return, or \$10.60 per PLUS.

§ If the underlying index appreciates 50%, the investor would receive only the maximum payment at maturity of \$11.225 per PLUS, or 112.25% of the stated principal amount.

§ **Par Scenario.** If the final index value is equal to the initial index value, the investor would receive the \$10 stated principal amount.

§

Downside Scenario. If the final index value is less than the initial index value, the investor would receive an amount that is less than the \$10 stated principal amount, based on a 1% loss of principal for each 1% decline in the underlying index. Under these circumstances, the payment at maturity will be less than the stated principal amount per PLUS. There is no minimum payment at maturity on the PLUS.

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§ If the underlying index depreciates 30%, the investor would lose 30% of the investor's principal and receive only § \$7.00 per PLUS at maturity, or 70% 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 PLUS. For further discussion of these and other risks, you should read the section entitled “Risk Factors” in the accompanying product supplement for PLUS, index supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers in connection with your investment in the PLUS.

The PLUS do not pay interest or guarantee return of any principal. The terms of the PLUS differ from those of ordinary debt securities in that the PLUS do not pay interest or guarantee the payment of any principal amount at maturity. If the final index value is less than the initial index value, the payout at maturity will be an amount in cash § that is less than the \$10 stated principal amount of each PLUS by an amount proportionate to the full decline in the value of the underlying index over the term of the PLUS. There is no minimum payment at maturity on the PLUS, and, accordingly, you could lose your entire initial investment in the PLUS.

The appreciation potential of the PLUS is limited by the maximum payment at maturity. The appreciation potential of the PLUS is limited by the maximum payment at maturity of \$11.225 per PLUS, or 112.25% of the stated principal amount. Although the leverage factor provides 300% exposure to any increase in the final index § value over the initial index value, because the payment at maturity will be limited to 112.25% of the stated principal amount for the PLUS, any increase in the final index value over the initial index value by more than approximately 4.08% of the initial index value will not further increase the return on the PLUS.

The market price of the PLUS will be influenced by many unpredictable factors. Several factors, many of which are beyond our control, will influence the value of the PLUS in the secondary market and the price at which MS & Co. may be willing to purchase or sell the PLUS in the secondary market, including the value, volatility (frequency and magnitude of changes in value) and dividend yield of the underlying index, interest and yield rates in the market, time remaining until the PLUS mature, geopolitical conditions and economic, financial, political, § regulatory or judicial events that affect the underlying index or equities markets generally and which may affect the final index value of the underlying index and any actual or anticipated changes in our credit ratings or credit spreads. The value of the underlying index may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. See “MSCI KLD 400 Social Index Overview” below. You may receive less, and possibly significantly less, than the stated principal amount per PLUS if you try to sell your PLUS prior to maturity.

§ The underlying index may not be successful and may underperform alternative investment strategies. There can be no assurance that the underlying index will achieve positive returns over any period. Each quarter, MSCI Inc.

(“MSCI”) selects the Index Components from the components of the MSCI USA Investable Market Index based on a multi-step eligibility assessment and index construction process, as described in “MSCI KLD 400 Social Index Overview” below. Therefore, the determination as to which components of the MSCI USA Investable Market Index will be included in the underlying index for each quarterly period will be made solely by MSCI. In general, if the Index Components appreciate over a period, the level of the underlying index will increase, and if they depreciate over that period, the level of the underlying index will decrease, perhaps significantly. However, there is no guarantee that the underlying index will outperform the MSCI USA Investable Market Index or equity markets generally, and the performance of the underlying index may be less favorable than alternative investment strategies that could have been implemented, including strategies adopting different, rules-based criteria or without determinations made by MSCI.

The underlying index follows a particular methodology, which may differ significantly from alternative approaches and investor expectations. As described in “MSCI KLD 400 Social Index Overview” below, the underlying index follows a specific methodology, with determinations made by MSCI as to which components of the MSCI USA Investable Market Index will be selected as Index Components of the underlying index for a given quarterly period. The underlying index methodology was developed by MSCI and may differ substantially from alternative investment strategies with similar objectives. Decisions to include or exclude components of the underlying index will be made solely by MSCI, and such decisions will affect the performance of the underlying index on an ongoing basis. Additionally, MSCI will make decisions regarding the Index Components at its own discretion, without regard to investor expectations. For example, pursuant to the “Values Based Exclusion Criteria,” MSCI determines which companies to exclude from eligibility based on MSCI’s assessment of their levels of involvement in certain industries. Pursuant to the “ESG Ratings Eligibility,” MSCI can exercise discretion in determining that a company does not have a sufficiently positive MSCI ESG Rating to be considered for inclusion in the underlying index. Additionally, pursuant to the “ESG Controversies Score Eligibility,” MSCI can exercise discretion in determining that a company has experienced a controversy and in evaluating the severity of a controversy, which could lead to exclusion of that company from the underlying index. Neither we nor you will have any ability to impact decisions made by MSCI regarding the Index Components, and the underlying index may include components that differ significantly from those of alternative investments strategies with similar objectives. The underlying index may underperform such alternative investment strategies, perhaps significantly.

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The underlying index is not a market capitalization-weighted index. As described below in “MSCI KLD 400 Social Index Overview - Index Construction,” Index Components will have different weightings within the underlying index than the same companies have within the MSCI USA Investable Market Index or the MSCI USA IndexSM, which may result in unexpected and potentially adverse weightings for Index Components. This is because the underlying index is designed to approximately track the sector weightings of the MSCI USA IndexSM although § the underlying index does not precisely track the sector weightings of the MSCI USA IndexSM nor does the underlying index contain the same components as the MSCI USA IndexSM. It is impossible to predict whether the underlying index weightings will cause the underlying index to perform better or worse than the MSCI USA Investable Market Index. The underlying index will perform differently, and perhaps worse, than if it were a market capitalization-weighted index or if it used an alternative weighting mechanism.

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

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

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

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

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

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

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

Adjustments to the underlying index could adversely affect the value of the PLUS. The underlying index § publisher may add, delete or substitute the stocks constituting the underlying index or make other methodological changes that could change the

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

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

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

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the PLUS.** As calculation agent, MS & Co. has determined the initial index value, will determine the final index value and will calculate the amount of cash you receive at maturity, if any. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption

events and the selection of a successor index or calculation of the final index value in the event of a market disruption event or discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity, if any. For further information regarding these types of determinations, see “Description of PLUS—Postponement of Valuation Date(s)” and “—Calculation Agent and Calculations” and related definitions in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the PLUS on the pricing date.

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

The U.S. federal income tax consequences of an investment in the PLUS are uncertain. Please read the discussion under “Additional Information—Tax considerations” in this document and the discussion under “United States § Federal Taxation” in the accompanying product supplement for PLUS (together, the “Tax Disclosure Sections”) concerning the U.S. federal income tax consequences of an investment in the PLUS. If the Internal Revenue Service (the “IRS”) were successful in asserting an

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alternative treatment, the timing and character of income on the PLUS might differ significantly from the tax treatment described in the Tax Disclosure Sections. We do not plan to request a ruling from the IRS regarding the tax treatment of the PLUS, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

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

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MSCI KLD 400 Social Index Overview

The MSCI KLD 400 Social Index (the “Index”) is a price-return index developed by MSCI Inc. (“MSCI”) with the goal of tracking the price performance of those companies that exhibit positive environmental, social and governance (“ESG”) characteristics, as determined by MSCI. Specifically, the Index is designed to provide investors with exposure to U.S.-based companies that satisfy three sets of eligibility criteria:

1. MSCI’s “Values Based Exclusion Criteria”;
2. MSCI’s “ESG Ratings Eligibility”; and
3. MSCI’s “ESG Controversies Score Eligibility”

, each of which is described in more detail below.

All of the companies included in the Index (each, an “Index Component,” and together, the “Index Components”) are components of the MSCI USA Investable Market Index, subject to the three filtering criteria above and the Index construction process described below. Additionally, the weighting of Index Components within the Index differs from the weighting of components within the MSCI USA Investable Market Index. For additional information, see “Index Construction” below.

As of February 28, 2019, the Index had 398 Index Components, while the MSCI USA Investable Market Index had 2,414 components.

The Index is calculated, published and disseminated by MSCI. The Index was launched on May 1, 1990 under its prior name, the Domini 400 Social Index, and is reported by Bloomberg L.P. under the ticker symbol “KLD400.” For the purposes of the accompanying index supplement, the Index is one of the “MSCI Global Investable Market Indices.”

Index Universe

The universe of stocks from which MSCI selects eligible stocks for inclusion in the Index consists of all of the stocks in the MSCI USA Investable Market Index. The MSCI USA Investable Market Index is a free float-adjusted market capitalization index intended to measure the performance of the large-, mid- and small-cap segments of the U.S. market. For the purposes of the accompanying index supplement, the MSCI USA Investable Market Index is one of the “MSCI Global Investable Market Indices.”

Index Eligibility

The Index is recomposed quarterly, at the end of each February, May, August and November, to include companies from the MSCI USA Investable Market Index that satisfy the following three criteria, subject to the Index construction process described below. For the purposes of the below, data are taken as of the end of the month preceding a quarterly index review. For some companies, such data may not be available by the end of the month preceding a quarterly index review. In such cases, MSCI will use data published after the end of the month, when available.

(1) Values Based Exclusion Criteria

MSCI ESG Business Involvement Screening Research is a service provided by MSCI that, among other things, identifies companies involved in certain activities and industries. Pursuant to the MSCI ESG Business Involvement Screening Research methodology, MSCI excludes from the Index companies operating in the following industries, each as determined by MSCI and as defined by the values based criteria set forth below:

Alcohol

All companies classified as a “Producer” that earn either 5% or more revenue or more than \$500 million in revenue from alcohol-related products

Gambling

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All companies classified as involved in “Operations” and “Support” that earn 5% or more in revenue, or more than \$500 million in revenue, from gambling-related products

Tobacco

All companies classified as “Producer”

All companies classified as “Distributor”, “Retailer”, and “Supplier” that earn 15% or more in revenue from tobacco-related products

Nuclear Weapons

All companies classified as involved in manufacturing of “Nuclear Weapons”, or “Nuclear Weapons Components”

Controversial Weapons

All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by MSCI

Conventional Weapons

All companies that earn 5% or more revenues or more than \$500 million in revenue from manufacturing of Conventional Weapons and Conventional Weapons Components, and Weapons Support Systems and Services

Civilian Firearms

All companies classified as “Producer”

All companies classified as a “Retailer” that earn 5% or more in revenue, or more than \$20 million in revenue, from civilian firearms-related products

Nuclear Power

All companies classified as a nuclear “Utility”

All companies involved in Uranium Mining

All companies involved in designing nuclear reactors

All companies involved in enrichment of fuel for nuclear reactors

All companies classified as a “Supplier” to the nuclear power industry that earn 15% or more in revenue from nuclear-power related products

All companies with 6000 MW or more of installed capacity attributed to nuclear sources or with 50% or more of installed capacity attributed to nuclear sources

Adult Entertainment

All companies classified as a “Producer” that earn more than 5% in revenue, or more than \$500 million in revenue, from adult entertainment materials

Genetically Modified Organisms (GMO)

All companies that derive any revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption

Companies that are only involved in GMO Research & Development activities are not excluded

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Determinations relating to “Values Based Exclusion Criteria” are made solely by MSCI. See “Risks Factors - The underlying index follows a particular methodology, which may differ significantly from alternative approaches and investor expectations” above.

(2) ESG Ratings Eligibility

An existing Index Component must have an MSCI ESG Rating above B to maintain its inclusion in the Index, and a company not currently included in the Index must have an MSCI ESG Rating above BB to be considered eligible for inclusion in the Index. The MSCI ESG Rating system is a service provided by MSCI designed to provide research, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI employs 185 research analysts who access data from sources including publicly available company disclosure, academic, governmental and non-governmental organizations and over 1,600 media sources to assess companies’ exposure to and management of environmental, social and governance risks and opportunities.

Under the MSCI ESG Rating system, each company receives an MSCI ESG Rating on the following seven point scale, from best to worst:

- AAA (Leader)
- AA (Leader)
- A (Average)
- BBB (Average)
- BB (Average)
- B (Laggard)

A company classified as a “Leader” is viewed by MSCI as leading its industry in managing the most significant ESG risks and opportunities. A company classified as “Average” is viewed by MSCI as having a mixed or unexceptional track record of managing ESG risks and opportunities relative to industry peers. A company classified as a “Laggard” is viewed by MSCI as lagging behind its industry based on its high exposure to, and failure to manage, significant ESG risks.

Determinations relating to “ESG Ratings Eligibility” are made solely by MSCI. See “Risks Factors - The underlying index follows a particular methodology, which may differ significantly from alternative approaches and investor expectations” above.

(3) ESG Controversies Score Eligibility

An existing Index Component must have an MSCI ESG Controversies Score greater than 0 to maintain its inclusion in the Index, and a company not currently included in the Index must have an MSCI ESG Controversies Score greater than 2 to be considered eligible for inclusion in the Index. The MSCI ESG Controversies ratings system is a service provided by MSCI designed to provide assessments of companies’ social, environmental and governance controversies. MSCI defines a “controversy” as an instance or ongoing situation in which company operations and/or products allegedly have a negative environmental, social and/or governance impact. As with the MSCI ESG Rating system, MSCI employs 185 research analysts who access data from sources including publicly available company disclosure, academic, governmental and non-governmental organizations and over 1,600 media sources to assess companies’ exposure to and management of social, environmental and governance controversies.

Under the MSCI ESG Controversies rating system, each company starts with a “perfect 10” score (indicating “no controversies”) in each of 28 key performance indicators measured by MSCI. A score for a key performance indicator may be reduced by MSCI’s assessment of the controversies affecting a given company. MSCI defines each controversy as “Very Severe,” “Severe,” “Moderate” or “Minor,” depending on MSCI’s assessment of the scale and nature of the impact of the controversy on the company. This initial severity assessment may be revised due to a number of factors that, in MSCI’s judgment, can influence a final assessment, including:

Whether there are extenuating or exacerbating circumstances;

Whether the controversy is structural (*i.e.*, reflecting an underlying problem at the company) or non-structural; and

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Whether the controversy is ongoing, concluded or simply of historical concern.

MSCI, in its discretion, lowers the numerical score of a company in a key performance indicator based on MSCI's assessment of controversies that impact such key performance indicator.

Determinations relating to "ESG Controversies Score Eligibility" are made solely by MSCI. See "Risks Factors - The underlying index follows a particular methodology, which may differ significantly from alternative approaches and investor expectations" above.

Index Construction

Once eligible companies are selected for potential inclusion in the Index pursuant to the criteria under "Index Eligibility" above, Index Components are selected by MSCI based on considerations of ESG performance, size representation and sector alignment (as determined pursuant to the GICS classification). Companies are added to the Index following a process designed to maintain sector weights within the Index that are approximately similar to the sector weights within the MSCI USA IndexSM. The MSCI USA IndexSM is a free float-adjusted market capitalization index intended to reflect the sectoral diversity of the United States equity market and to reflect the performance of United States companies that are available to investors worldwide. For more information regarding the MSCI USA IndexSM, see "MSCI USA IndexSM" in the accompanying index supplement. The Index attempts to have sector weights that are each within 25% of the corresponding sector weights in the MSCI USA IndexSM.

Companies are selected from the large- and mid-cap segments of the eligible companies until the number of Index Components reaches 400. Companies are selected from the large- and mid-cap segments to be Index Components pursuant to the following process:

1. All companies that have an MSCI ESG Rating of AAA are added.

2. Companies are added in order of their industry-adjusted ESG Scores to sectors where the relative sector weights are less than 75% of the sector weights in the MSCI USA IndexSM.

3. Once the relative weights of all sectors are above 75% of the sector weights in the MSCI USA IndexSM, companies are added in order of their ESG Scores, with companies with higher ESG Scores being added first.
4. If a relative sector weight reaches 125% of the sector weight in the MSCI USA IndexSM, no new companies are added.

In cases of companies with the same ESG Score, the company with the highest free-floated adjusted market capitalization will be added first. Because all companies from the large- and mid-cap segments that have an MSCI ESG Rating of AAA are added, it is possible that the Index could have more than 400 Index Constituents. As of February 28, 2019, the Index had 398 Index Components.

If 400 Index Constituents from the large- and mid-cap segments cannot be obtained following the process above, companies will be added from the small-cap segment of the eligible companies until the number of Index Constituents reaches 400. Companies added from the small cap segment are not selected following the above process, but are added in order of highest ESG Scores. Companies with equal ESG Scores in the small-cap segment will be added based on sector alignment, with companies first being added to the sector with the lowest weight in the Index.

Due to this Index construction methodology, the Index is not a market capitalization-weighted index, unlike the MSCI USA Investable Market Index, and the Index Components will have different weightings within the Index than the same companies will have within the MSCI USA Investable Market Index and the MSCI USA IndexSM. It is impossible to predict whether these weightings will cause the Index to perform better or worse than the MSCI USA Investable Market Index or the MSCI USA IndexSM. For more information, see “Risks Factors - The underlying index is not a market capitalization-weighted index.”

Index Maintenance

The Index is maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve Index continuity, continuous investability of Index Components, Index stability and low Index turnover.

New additions to the MSCI USA Investable Market Index due to corporate events will not be added simultaneously to the Index, but will be considered for inclusion at the following quarterly index review. However, companies deleted from the MSCI USA Investable Market Index between quarterly index reviews are deleted at the same time from the Index. Index maintenance also

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involves ongoing event-related changes and other similar corporate events. For more information, see “MSCI Global Investable Market Indices Methodology” in the accompanying index supplement.

Historical Information

Information as of market close on April 30, 2019:

Bloomberg Ticker Symbol:	KLD400
Current Index Value:	1,096.02
52 Weeks Ago:	979.52
52 Week High (on 4/29/2019):	1,097.05
52 Week Low (on 12/24/2018):	871.49

The following graph sets forth the historical daily closing values of the underlying index for the period from January 1, 2014 through April 30, 2019. The related table sets forth the historical high and low closing values, as well as end-of-quarter closing values, of the underlying index for each quarter in the same period. The index closing value of the underlying index on April 30, 2019 was 1,096.02.

MSCI KLD 400 Social Index Daily Index Closing Values

January 1, 2014 to April 30, 2019

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MSCI KLD 400 Social Index	High	Low	Period End
2014			
First Quarter	707.41	653.85	702.42
Second Quarter	731.45	681.18	731.45
Third Quarter	750.35	713.55	732.89
Fourth Quarter	777.02	692.91	764.92
2015			
First Quarter	785.94	741.68	771.90
Second Quarter	787.29	758.36	760.30
Third Quarter	784.10	690.80	708.78
Fourth Quarter	781.32	709.69	756.81
2016			
First Quarter	766.71	675.53	766.49
Second Quarter	782.67	734.60	772.62
Third Quarter	812.63	769.42	804.10
Fourth Quarter	836.83	769.71	822.05
2017			
First Quarter	876.64	830.01	866.97
Second Quarter	901.94	855.42	891.43
Third Quarter	928.36	884.35	928.36
Fourth Quarter	986.43	932.15	980.92
2018			
First Quarter	1,060.32	949.00	975.85
Second Quarter	1,035.14	951.99	1,008.67
Third Quarter	1,071.96	1,006.55	1,066.97
Fourth Quarter	1,070.69	871.49	929.30
2019			
First Quarter	1,060.61	906.74	1,054.61
Second Quarter (through April 30, 2019)	1,097.05	1,067.06	1,096.02

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Additional Terms of the PLUS

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

**Additional
Terms:**

If the terms described herein are inconsistent with those described in the accompanying product supplement, index supplement or prospectus, the terms described herein shall control.

**Underlying index
publisher:** MSCI Inc. or any successor thereof

Interest: None

**Bull market or
bear market** Bull market PLUS

PLUS:

**Postponement of
maturity date:** If the scheduled valuation date is not an index business day or if a market disruption event occurs on that day so that the valuation date as postponed falls less than two business days prior to the scheduled maturity date, the maturity date of the PLUS will be postponed to the second business day following that valuation date as postponed.

Denominations: \$10 per PLUS and integral multiples thereof

Trustee: The Bank of New York Mellon

Calculation agent: MS & Co.

**Issuer notice to
registered security
holders, the trustee
and the depository:** In the event that the maturity date is postponed due to postponement of the valuation date, the issuer shall give notice of such postponement and, once it has been determined, of the date to which the maturity date has been rescheduled (i) to each registered holder of the PLUS by mailing notice of such postponement by first class mail, postage prepaid, to such registered holder's last address as it shall appear upon the registry books, (ii) to the trustee by facsimile confirmed by mailing such notice to the trustee by first class mail, postage prepaid, at its New York office and (iii) to The Depository Trust Company (the "depository") by telephone or facsimile, confirmed by mailing such notice to the depository by first class mail, postage prepaid. Any notice that is mailed to a registered holder of the PLUS in the manner herein provided shall be conclusively presumed to have been duly given to such registered holder, whether or not such registered holder receives the notice. The issuer shall give such notice as promptly as possible, and in no case later than (i) with respect to notice of postponement of the maturity date, the business day immediately preceding the scheduled maturity date and (ii) with respect to notice of the date to which the maturity date has been rescheduled, the business day immediately following the actual valuation date.

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The issuer shall, or shall cause the calculation agent to, (i) provide written notice to the trustee and to the depository of the amount of cash to be delivered with respect to each stated principal amount of the PLUS, on or prior to 10:30 a.m. (New York City time) on the business day preceding the maturity date, and (ii) deliver the aggregate cash amount due with respect to the PLUS to the trustee for delivery to the depository, as holder of the PLUS, on the maturity date.

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Additional Information About the PLUS

**Additional
Information:**

**Minimum
ticketing size:** \$1,000 / 100 PLUS

**Tax
considerations:** Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the PLUS due to the lack of governing authority, in the opinion of our counsel, Shearman & Sterling LLP, under current law, and based on current market conditions, a PLUS should be treated as a single financial contract that is an “open transaction” for U.S. federal income tax purposes.

Assuming this treatment of the PLUS is respected and subject to the discussion in “United States Federal Taxation” in the accompanying product supplement for PLUS, the following U.S. federal income tax consequences should result based on current law:

- A U.S. Holder should not be required to recognize taxable income over the term of the PLUS prior to settlement, other than pursuant to a sale or exchange.
- Upon sale, exchange or settlement of the PLUS, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized and the U.S. Holder’s tax basis in the PLUS. Such gain or loss should be long-term capital gain or loss if the investor has held the PLUS for more than one year, and short-term capital gain or loss otherwise.

In 2007, the U.S. Treasury Department and the Internal Revenue Service (the “IRS”) released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very

generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the PLUS, possibly with retroactive effect.

As discussed in the accompanying product supplement for PLUS, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an “Underlying Security”). Subject to certain exceptions, Section 871(m) generally applies to instruments 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 instruments 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 PLUS do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the PLUS should not be Specified Securities and, therefore, should not be subject to Section 871(m).

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

Both U.S. and non-U.S. investors considering an investment in the PLUS should read the discussion under “Risk Factors” in this document and the discussion under “United States Federal Taxation” in the accompanying product supplement for PLUS and consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the PLUS, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

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

Use of proceeds and hedging: The proceeds from the sale of the PLUS will be used by us for general corporate purposes. We will receive, in aggregate, \$10 per PLUS issued, because, when we enter into hedging transactions in order to meet our obligations under the PLUS, our hedging counterparty will reimburse the cost of

the agent's commissions. The costs of the PLUS borne by you and described beginning on page 2 above comprise the agent's commissions

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and the cost of issuing, structuring and hedging the PLUS.

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

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 authorizing an investment in the PLUS. 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 Section 4975 of the Code 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 PLUS 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 PLUS 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 PLUS. 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 PLUS.

Because we may be considered a party in interest with respect to many Plans, the PLUS 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 PLUS will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the PLUS that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such PLUS 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 PLUS 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 PLUS on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief.

The PLUS are contractual financial instruments. The financial exposure provided by the PLUS is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized

investment management or

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advice for the benefit of any purchaser or holder of the PLUS. The PLUS 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 PLUS.

Each purchaser or holder of any PLUS 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 respect to (A) the design and terms of the PLUS, (B) the purchaser or holder's investment in the PLUS, or (C) the exercise of or failure to exercise any rights we have under or with respect to the PLUS;
- (ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the PLUS and (B) all hedging transactions in connection with our obligations under the PLUS;
- (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 PLUS has exclusive responsibility for ensuring that its purchase, holding and disposition of the PLUS do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any PLUS 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 PLUS should consult and rely on their own counsel and advisers as to whether an investment in the PLUS is suitable.

Additional considerations:

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 PLUS if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or 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 PLUS by the account, plan or annuity.

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 PLUS, either directly or indirectly.

The agent may distribute the PLUS through Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”), as selected dealer, or other dealers, which may include Morgan Stanley & Co. International plc (“MSIP”) and Bank Morgan Stanley AG. Morgan Stanley Wealth Management, MSIP and Bank Morgan Stanley AG are affiliates of ours. Selected dealers, including Morgan Stanley Wealth Management, and their financial advisors will collectively receive from the agent, Morgan Stanley & Co. LLC, a fixed sales commission of \$0.175 for each PLUS they sell. In addition, Morgan Stanley Wealth Management will receive a structuring fee of \$0.05 for each PLUS.

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 PLUS.

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 for PLUS.

Validity of the PLUS:

In the opinion of Davis Polk & Wardwell LLP, as special counsel to MSFL and Morgan Stanley, when the PLUS 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 PLUS

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. 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 PLUS and the validity,

Morgan Stanley Finance LLC

PLUS Based on the Value of the MSCI KLD 400 Social Index due August 4, 2020

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

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 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 (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 PLUS 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 PLUS, 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. Alternatively, Morgan Stanley, MSFL, any underwriter or any dealer participating in the offering will arrange to send you the product supplement for PLUS, index supplement and prospectus if you so request by calling toll-free 1-(800)-584-6837.

You may access these documents on the SEC web site at www.sec.gov as follows:

**Where you can
find more
information:**

[Product Supplement for PLUS 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 PLUS, in the index supplement or in the prospectus.

“Performance Leveraged Upside SecuritiesSM” and “PLUSSM” are our service marks.