

ARMSTRONG WORLD INDUSTRIES INC  
Form SC 13G/A  
February 15, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 1)\*  
ARMSTRONG WORLD INDUSTRIES, INC.

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(Name of Issuer)  
Common Stock, par value \$0.01 per share

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(Title of Class of Securities)  
04247X102

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(CUSIP Number)  
December 31, 2016

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(Date of Event Which Requires Filing of this Statement)  
Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Berkshire Partners Holdings LLC  
CHECK THE APPROPRIATE BOX IF

2. A MEMBER OF A GROUP (see instructions)  
(a) [ ]  
(b) [x]

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:  
5. SOLE VOTING POWER  
0  
6. SHARED VOTING POWER

3,697,355  
7. SOLE DISPOSITIVE POWER

0  
8.

SHARED  
DISPOSITIVE  
POWER

3,697,355  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
9. OWNED BY EACH  
REPORTING  
PERSON

3,697,355  
CHECK  
IF  
THE  
10. AGGREGATE  
AMOUNT  
IN [ ]  
ROW

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
11. REPRESENTED  
BY AMOUNT IN  
ROW (9)

6.7%\*  
TYPE OF  
REPORTING  
12. PERSON

OO

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

2. BPS, L.P. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (see instructions)

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

6. 0 SHARED VOTING POWER

7. 3,697,355 SOLE DISPOSITIVE POWER

8. 0 SHARED DISPOSITIVE

POWER

9. 3,697,355  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

10. 3,697,355  
CHECK  
IF  
THE  
AGGREGATE  
AMOUNT  
IN [ ]  
ROW

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
11. REPRESENTED  
BY AMOUNT IN  
ROW (9)

12. 6.7%\*  
TYPE OF  
REPORTING  
PERSON

PN

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Stockbridge Fund,  
L.P.  
CHECK THE APPROPRIATE BOX IF

2. A MEMBER OF A GROUP (see instructions)

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

6. SHARED VOTING POWER

2,751,089  
SOLE DISPOSITIVE POWER

0  
8.

SHARED  
DISPOSITIVE  
POWER

2,751,089  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
9. OWNED BY EACH  
REPORTING  
PERSON

2,751,089  
CHECK  
IF  
THE  
10. AGGREGATE  
AMOUNT  
IN [ ]  
ROW

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
11. REPRESENTED  
BY AMOUNT IN  
ROW (9)

5.0%\*  
TYPE OF  
REPORTING  
12. PERSON

PN

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Stockbridge Absolute Return Fund, L.P.  
CHECK THE APPROPRIATE BOX IF

2. A MEMBER OF A GROUP (see instructions)  
(a)  (b)

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:  
6. 0 SHARED VOTING POWER  
7. 8,391 SOLE DISPOSITIVE POWER

0



SHARED  
DISPOSITIVE

8. POWER

8,391  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

9.

8,391  
CHECK  
IF  
THE  
AGGREGATE  
AMOUNT  
IN [ ]  
ROW

10.

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
REPRESENTED  
BY AMOUNT IN  
ROW (9)

11.

less than 0.1%\*  
TYPE OF  
REPORTING  
PERSON

12.

PN

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Stockbridge Partners LLC  
CHECK THE APPROPRIATE BOX IF

2. A MEMBER OF A GROUP (see instructions)  
(a) [ ]  
(b) [x]

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:  
5. SOLE VOTING POWER  
0  
6. SHARED VOTING POWER

3,697,355  
7. SOLE DISPOSITIVE POWER

0  
8.

SHARED  
DISPOSITIVE  
POWER

3,697,355  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
9. OWNED BY EACH  
REPORTING  
PERSON

3,697,355  
CHECK  
IF  
THE  
10. AGGREGATE  
AMOUNT  
IN [ ]  
ROW

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
11. REPRESENTED  
BY AMOUNT IN  
ROW (9)

6.7%\*  
TYPE OF  
REPORTING  
12. PERSON

IA

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Stockbridge Master Fund (OS), L.P.  
CHECK THE APPROPRIATE BOX IF

2. A MEMBER OF A GROUP (see instructions)  
(a)   
(b)

3. SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:  
5. SOLE VOTING POWER  
0  
6. SHARED VOTING POWER

274,275  
7. SOLE DISPOSITIVE POWER

0  
8.

SHARED  
DISPOSITIVE  
POWER

274,275  
AGGREGATE  
AMOUNT  
BENEFICIALLY  
9. OWNED BY EACH  
REPORTING  
PERSON

274,275  
CHECK  
IF  
THE  
10. AGGREGATE  
AMOUNT  
IN [ ]  
ROW

(9)  
EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF  
CLASS  
11. REPRESENTED  
BY AMOUNT IN  
ROW (9)

0.5%\*  
TYPE OF  
REPORTING  
12. PERSON

PN

\* Percentage calculations are based on the number of shares of Common Stock outstanding as of October 24, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016.

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Item 1(a). Name of Issuer:

The Issuer's name is Armstrong World Industries, Inc. (the "Company" or the "Issuer").

Item 1(b). Address of Issuer's Principal Executive Offices:

The address of the principal executive offices of the Issuer is 2500 Columbia Avenue, Lancaster, PA 17603.

Item 2(a). Name of Person Filing:

This Schedule 13G (this "Statement") is being filed jointly by the following (each, a "Reporting Person" and, collectively, the "Reporting Persons"): Stockbridge Fund, L.P. (f/k/a Stockbridge Special Situations Fund, L.P.) ("SF"), Stockbridge Absolute Return Fund, L.P. ("SARF"), Stockbridge Partners LLC ("SP"), Stockbridge Master Fund (OS), L.P. ("SOS"), BPSP, L.P. ("BPSP") and Berkshire Partners Holdings LLC ("BPH").

Stockbridge Associates LLC, a Delaware limited liability company ("SA"), is the general partner of SF, SARF and SOS. BPH, a Delaware limited liability company, is the general partner of BPSP, a Delaware limited partnership. BPSP is the managing member of SP, the registered investment adviser to SF, as well as certain other accounts holding shares of the Issuer for which SP serves as investment adviser.

Certain of the Reporting Persons often make acquisitions in, and dispose of, securities of an issuer on the same terms and conditions and at the same time. Based on the foregoing and the relationships described herein, these entities may be deemed to constitute a "group" for purposes of Section 13(g)(3) of the Act. The filing of this Statement shall not be construed as an admission that the Reporting Persons are a group, or have agreed to act as a group.

Item 2(b). Address of Principal Business Office or, if none, Residence:

The following address is the principal business offices of each of the Reporting Persons: 200 Clarendon Street, 35th Floor, Boston, Massachusetts 02116.

Item 2(c). Citizenship:

Each of SF, SARF, SP, SOS, BPSP and BPH is organized under the laws of the State of Delaware.

Item 2(d). Title and Class of Securities:

The class of equity securities to which this Statement relates is the Company's common stock, par value \$0.01 per share (the "Common Stock").

Item 2(e). CUSIP Number:

The CUSIP Number to which this Statement relates is 04247X102.

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b) or 13d-2(b) or (c), Check Whether the Person Filing is a: Not Applicable.

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Item 4. Ownership.

(a) The responses of the Reporting Persons to Row (9) of the cover pages of this Statement are incorporated herein by reference. SA is the sole general partner of SF, SARF and SOS. SP, a registered investment adviser, is the investment manager for SF, SARF and SOS as well as certain other accounts holding shares of the Issuer. As the managing member of SP, BPSP may be deemed to beneficially own shares of Common Stock that are beneficially owned by SP. As the general partner of BPSP, BPH may be deemed to beneficially own shares of Common Stock that are beneficially owned by BPSP. However, BPSP and BPH disclaim beneficial ownership of such shares of Common Stock and the filing of this Statement shall not be construed as an admission that BPSP or BPH is, for the purpose of Section 13(d) of the Act, the beneficial owner of such shares beneficially owned by SP.

(b) The responses of the Reporting Persons to Row (11) of the cover pages of this Statement are incorporated herein by reference. As of December 31, 2016, the Reporting Persons beneficially owned in the aggregate 3,697,355 shares of Common Stock, representing approximately 6.7% of the shares of Common Stock outstanding (based on the number of shares outstanding as of October 24, 2016, as provided in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016).

(c) The responses of the Reporting Persons to Rows (5) through (8) of the cover pages of this Statement are incorporated herein by reference.

Item 5. Ownership of Five Percent or Less of a Class.  
Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

The responses of the Reporting Persons to Items 2(a) and 4(a) are incorporated herein by reference. Under certain circumstances, partners, members or managed accounts of a Reporting Person, as the case may be, could have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, shares of Common Stock owned by such Reporting Person.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

Not Applicable.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

(c) By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of

the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2017

STOCKBRIDGE FUND,  
L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
ABSOLUTE RETURN  
FUND, L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
PARTNERS LLC

By: BPSP, L.P.,  
its managing member

By: Berkshire Partners  
Holdings LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

BERKSHIRE  
PARTNERS HOLDINGS  
LLC

By:

Name: Sharlyn C. Heslam  
Title: Managing Director

BPSP, L.P.

By: Berkshire Partners  
Holdings LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
MASTER FUND (OS),  
L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

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Exhibit Index

Exhibit No. Description

1 Joint Filing Agreement among Reporting Persons

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EXHIBIT 1

JOINT FILING AGREEMENT

This will confirm the agreement by and among all the undersigned that the Schedule 13G filed on or about this date and any amendments thereto with respect to the beneficial ownership by the undersigned of shares of common stock, \$0.01 par value per share, of Armstrong World Industries, Inc. is being filed on behalf of each of the undersigned in accordance with Rule 13d-1(k)(1) under the Securities Exchange Act of 1934. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The execution and filing of this agreement shall not be construed as an admission that the undersigned are a group, or have agreed to act as a group.

Dated: February 14, 2017

STOCKBRIDGE FUND,  
L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
ABSOLUTE RETURN  
FUND, L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
PARTNERS LLC

By: BPSP, L.P.,  
its managing member

By: Berkshire Partners  
Holdings LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

BERKSHIRE  
PARTNERS HOLDINGS  
LLC

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

BPSP, L.P.

By: Berkshire Partners  
Holdings LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

STOCKBRIDGE  
MASTER FUND (OS),  
L.P.

By: Stockbridge  
Associates LLC,  
its general partner

By:  
Name: Sharlyn C. Heslam  
Title: Managing Director

>26,828.3921,792.2023,327.46**2019** First Quarter (through February 25, 2019)26,091.9522,686.2226,091.95

“Dow Jones,” “Dow Jones Industrial Average,” “Dow Jones Indexes” and “DJIA” are service marks of Dow Jones Trademark Holdings LLC. See “Dow Jones Industrial Average<sup>SM</sup>” in the accompanying index supplement.

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Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of Worst Performing of the Dow Jones Industrial Average<sup>SM</sup> and the Russell 2000<sup>®</sup> Index due February 29, 2024

Trigger Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

Russell 2000<sup>®</sup> Index Overview

The Russell 2000<sup>®</sup> Index is an index calculated, published and disseminated by FTSE Russell, and measures the composite price performance of stocks of 2,000 companies incorporated in the U.S. and its territories. All 2,000 stocks are traded on a major U.S. exchange and are the 2,000 smallest securities that form the Russell 3000<sup>®</sup> Index. The Russell 3000<sup>®</sup> Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the U.S. equity market. The Russell 2000<sup>®</sup> Index consists of the smallest 2,000 companies included in the Russell 3000<sup>®</sup> Index and represents a small portion of the total market capitalization of the Russell 3000<sup>®</sup> Index. The Russell 2000<sup>®</sup> Index is designed to track the performance of the small capitalization segment of the U.S. equity market. For additional information about the Russell 2000<sup>®</sup> Index, see the information set forth under “Russell 2000<sup>®</sup> Index” in the accompanying index supplement.

Information as of market close on February 25, 2019:

<b>Bloomberg Ticker Symbol:</b>	RTY
<b>Current Index Value:</b>	1,588.805
<b>52 Weeks Ago:</b>	1,559.332
<b>52 Week High (on 8/31/2018):</b>	1,740.753
<b>52 Week Low (on 12/24/2018):</b>	1,266.925

The following graph sets forth the daily closing values of the RTY Index for the period from January 1, 2014 through February 25, 2019. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the RTY Index for each quarter in the same period. The closing value of the RTY Index on February 25, 2019 was 1,588.805. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The RTY Index has at times experienced periods of high volatility, and you should not take the historical values of the RTY Index as an indication of its future performance.

RTY Index Daily Closing Values  
January 1, 2014 to February 25, 2019

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Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of Worst Performing of the Dow Jones Industrial Average<sup>SM</sup> and the Russell 2000<sup>®</sup> Index due February 29, 2024

Trigger Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

<b>Russell 2000<sup>®</sup> Index</b>	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2014</b>			
First Quarter	1,208.651	1,093.594	1,173.038
Second Quarter	1,192.960	1,095.986	1,192.960
Third Quarter	1,208.150	1,101.676	1,101.676
Fourth Quarter	1,219.109	1,049.303	1,204.696
<b>2015</b>			
First Quarter	1,266.373	1,154.709	1,252.772
Second Quarter	1,295.799	1,215.417	1,253.947
Third Quarter	1,273.328	1,083.907	1,100.688
Fourth Quarter	1,204.159	1,097.552	1,135.889
<b>2016</b>			
First Quarter	1,114.028	953.715	1,114.028
Second Quarter	1,188.954	1,089.646	1,151.923
Third Quarter	1,263.438	1,139.453	1,251.646
Fourth Quarter	1,388.073	1,156.885	1,357.130
<b>2017</b>			
First Quarter	1,413.635	1,345.598	1,385.920
Second Quarter	1,425.985	1,345.244	1,415.359
Third Quarter	1,490.861	1,356.905	1,490.861
Fourth Quarter	1,548.926	1,464.095	1,535.511
<b>2018</b>			
First Quarter	1,610.706	1,463.793	1,529.427
Second Quarter	1,706.985	1,492.531	1,643.069
Third Quarter	1,740.753	1,653.132	1,696.571
Fourth Quarter	1,672.992	1,266.925	1,348.559
<b>2019</b>			
First Quarter (through February 25, 2019)	1,590.062	1,330.831	1,588.805

The "Russell 2000<sup>®</sup> Index" is a trademark of FTSE Russell. For more information, see "Russell 2000<sup>®</sup> Index" in the accompanying index supplement.

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Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of Worst Performing of the Dow Jones Industrial Average<sup>SM</sup> and the Russell 2000<sup>®</sup> Index due February 29, 2024

Trigger Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

Additional Terms of the Trigger 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 publishers:** With respect to the INDU Index, S&P Dow Jones Indices LLC, or any successor thereof

With respect to the RTY Index, FTSE Russell, or any successor thereof

With respect to the INDU Index, the index closing value on any index business day shall be determined by the calculation agent and shall equal the official closing value of the INDU Index, or any successor index as defined under “Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement), published at the regular official weekday close of trading on such index business day by the underlying index publisher for the INDU Index, as determined by the calculation agent. In certain circumstances, the index closing value for the INDU Index will be based on the alternate calculation of the INDU Index as described under “Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement.

**Index closing value:**

With respect to the RTY Index, the index closing value on any index business day shall be determined by the calculation agent and shall equal the closing value of the RTY Index or any successor index reported by Bloomberg Financial Services, or any successor reporting service the calculation agent may select, on such index business day. In certain circumstances, the index closing value for the RTY Index will be based on the alternate calculation of the RTY Index as described under “Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement. The closing value of the RTY Index reported by Bloomberg Financial Services may be lower or higher than the official closing value of the RTY Index published by the underlying index publisher for the RTY Index.

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

**Interest:** None

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

**Calculation agent:** MS & Co.

Bull market PLUS



Bull market or bear  
market PLUS:

If the scheduled valuation date is not an index business day with respect to either underlying index or if a market disruption event occurs with respect to either underlying index on that day so that the valuation date is postponed and falls less than two business days prior to the scheduled maturity date, the maturity date of the Trigger PLUS will be postponed to the second business day following the latest valuation date as postponed with respect to either underlying index.

Postponement of  
maturity date:

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 Trigger 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

Issuer notice to  
registered security  
holders, the trustee  
and the depository:

Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of Worst Performing of the Dow Jones Industrial Average<sup>SM</sup> and the Russell 2000<sup>®</sup> Index due February 29, 2024

Trigger Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

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 Trigger 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.

The issuer shall, or shall cause the calculation agent to, (i) provide written notice to the trustee, on which notice the trustee may conclusively rely, and to the depository of the amount of cash, if any, to be delivered with respect to the Trigger 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 Trigger PLUS, if any, to the trustee for delivery to the depository, as holder of the Trigger PLUS, on the maturity date.

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Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of Worst Performing of the Dow Jones Industrial Average<sup>SM</sup> and the Russell 2000<sup>®</sup> Index due February 29, 2024

Trigger Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

Additional Information About the Trigger PLUS

Additional  
Information:

Minimum  
ticketing size: \$1,000 / 1 Trigger PLUS

Tax  
considerations: Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the Trigger PLUS due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP, under current law, and based on current market conditions, a Trigger 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 Trigger 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 Trigger PLUS prior to settlement, other than pursuant to a sale or exchange.

§ Upon sale, exchange or settlement of the Trigger 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 Trigger PLUS. Such gain or loss should be long-term capital gain or loss if the investor has held the Trigger 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 Trigger PLUS, possibly with retroactive effect.

As discussed in the accompanying product supplement for PLUS, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend

equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an “Underlying Security”). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a “Specified Security”). However, pursuant to an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2021 that do not have

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a delta of one with respect to any Underlying Security. Based on our determination that the Trigger PLUS do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the Trigger 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 Trigger PLUS.

**Both U.S. and non-U.S. investors considering an investment in the Trigger 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 Trigger PLUS, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.**

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

Use of proceeds and hedging: The proceeds from the sale of the Trigger PLUS will be used by us for general corporate purposes. We will receive, in aggregate, \$1,000 per Trigger PLUS issued, because, when we enter into hedging transactions in order to meet our obligations under the Trigger PLUS, our hedging counterparty will reimburse the cost of the agent’s commissions. The costs of the Trigger PLUS borne by you and described on page 2 above comprise the agent’s commissions and the cost of issuing, structuring and hedging the Trigger PLUS.

On or prior to the pricing date, we, through our affiliates or others, hedged our anticipated exposure in connection with the Trigger PLUS by taking positions in stocks of the underlying indices, futures and/or options contracts on the underlying indices and any component stocks of the underlying indices listed on major securities markets. Such purchase activity could have increased the value of either underlying index

on the pricing date, and therefore could have increased the respective trigger level, which is the level at or above which such underlying index must close on the valuation date so that investors do not suffer a significant loss on their initial investment in the Trigger PLUS (depending also on the performance of the other underlying index). In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the Trigger PLUS, including on the valuation date, by purchasing and selling the stocks constituting the underlying indices, futures or options contracts on the underlying indices 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 Trigger PLUS, and the hedging strategy may involve greater and more frequent adjustments to the hedge as the valuation date approaches. We cannot give any assurance that our hedging activities will not

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affect the value of either underlying index and, therefore, adversely affect the value of the Trigger PLUS or the payment you will receive at maturity, if any (depending also on the performance of the other underlying index). 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 Trigger 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 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 Trigger 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 Trigger 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 Trigger 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 Trigger PLUS.

Because we may be considered a party in interest with respect to many Plans, the Trigger PLUS may not be purchased, held or disposed of by any Plan, any entity



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

The Trigger PLUS are contractual financial instruments. The financial exposure provided by the Trigger PLUS 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 Trigger PLUS. The Trigger 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 Trigger PLUS.

Each purchaser or holder of any Trigger 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 Trigger PLUS, (B) the purchaser or holder’s investment in the Trigger PLUS, or (C) the exercise of or failure to exercise any rights we have under or with respect to the Trigger 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 Trigger PLUS and (B) all hedging transactions in connection with our obligations under the Trigger 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.

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Each purchaser and holder of the Trigger PLUS has exclusive responsibility for ensuring that its purchase, holding and disposition of the Trigger PLUS do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any Trigger 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 these Trigger PLUS should consult and rely on their own counsel and advisers as to whether an investment in these Trigger PLUS 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 Trigger 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 Trigger PLUS 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 Trigger PLUS, either directly or indirectly.

Supplemental information regarding plan of distribution; conflicts of interest:

Selected dealers, which may include our affiliates, and their financial advisors will collectively receive from the agent a fixed sales commission of \$41.25 for each Trigger PLUS they sell; provided that dealers selling to investors purchasing the Trigger PLUS in fee-based advisory accounts will receive a sales commission of \$11.25 per Trigger PLUS.

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 Trigger 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  
Trigger PLUS:

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

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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 Trigger PLUS 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. 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.

Contact:

Where you can find more information: MSFL and Morgan Stanley have filed a registration statement (including a prospectus, as supplemented by the product supplement for PLUS and 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 MSFL and Morgan Stanley have filed with the SEC for more complete information about MSFL and Morgan Stanley 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, MSFL, Morgan Stanley, any underwriter or any dealer participating in this offering will arrange to send you the product supplement for PLUS, index supplement and prospectus if you so request by calling toll-free 800-584-6837.

You may access these documents on the SEC web site at [www.sec.gov](http://www.sec.gov) as follows:

**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 Securities<sup>SM</sup>” and “PLUS<sup>SM</sup>” are our service marks.