MORGAN STANLEY
Form 424B2
September 27, 2018

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee
Contingent Income Securities due 2033	$500,000	$62.25

September 2018

Morgan Stanley Finance LLC

Pricing Supplement No. 932
Registration Statement Nos. 333-221595; 333-221595-01
Dated September 25, 2018
Filed pursuant to Rule 424(b)(2)

Contingent Income Securities due September 29, 2033

Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The securities are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The securities have the terms described in the accompanying prospectus supplement, index supplement and prospectus, as supplemented or modified by this document. The securities do not guarantee the repayment of principal and do not provide for the regular payment of interest after the first 5 years. For the first 5 years, the securities will pay a fixed quarterly coupon at the rate specified below. Thereafter, the securities will pay a contingent quarterly coupon **but only if** the index closing value of **each of the Russell 2000® Index and the S&P 500® Index** on the related observation date is **at or above 55% of its respective initial index value**, which we refer to as the coupon barrier level. If the index closing value **of either underlying index** is less than the coupon barrier level for such index on any observation date after the first 5 years, we will pay no interest for the related interest period. At maturity, if the final index value of **each** underlying index is greater than or equal to 50% of the respective initial index value, which we refer to as the downside threshold level, the payment at maturity will be the stated principal amount, and, if the final index value of **each** underlying index is also greater than or equal to its coupon barrier level, the related contingent quarterly coupon. If, however, the final index value of **either** underlying index is less than its downside threshold level, investors will be exposed to the decline in the worst performing underlying index on a 1-to-1 basis and will receive a payment at maturity that is less than 50% of the stated principal amount of the securities and could be zero. **Accordingly, i**nvestors in the securities must be willing to accept the risk of **losing their entire initial investment based on the performance of either index and also the risk of not receiving any contingent quarterly coupons after the first 5 years.** Because payments on the securities are based on the worst performing of the underlying indices, a decline beyond the respective coupon barrier level and/or respective downside

threshold level, as applicable, of **either** underlying index will result in few or no contingent quarterly coupons after the first 5 years and/or a significant loss of your investment, as applicable, even if the other underlying index has appreciated or has not declined as much. Investors will not participate in any appreciation in either underlying index. These long-dated securities are for investors who are willing to risk their principal and seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of receiving no quarterly interest after the first 5 years if **either underlying index** closes below the coupon barrier level for such index on the observation dates. The securities 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 securities are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

FINAL TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Underlying indices:	Russell 2000® Index (the "RTY Index") and S&P 500 Index (the "SPX Index")
Aggregate principal amount:	$500,000
Stated principal amount:	$1,000 per security
Issue price:	$1,000 per security (see "Commissions and issue price" below)
Pricing date:	September 25, 2018
Original issue date:	September 28, 2018 (3 business days after the pricing date)
Maturity date:	September 29, 2033
Quarterly coupon:	Years 1-5: On all coupon payment dates through September 2023, a fixed coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly. Years 6-15: Beginning with the December 2023 coupon payment date, a *contingent* coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly *but only if* the closing value of **each underlying index** is **at or above** its respective coupon barrier level on the related observation date. If, on any observation date in years 6-15, the closing value of either underlying index is less than the coupon barrier level for such index, we will pay no coupon for the applicable interest period. It is possible that one or both underlying indices will remain below the respective coupon barrier level(s) for extended periods of time or even throughout years 6-15 so that you will receive few or no contingent quarterly coupons during that period.
Payment at maturity:	If the final index value of **each** underlying index is **greater than or equal to** its respective downside threshold level: the stated principal amount, and, if the final index value of **each** underlying index is also **greater than or equal to** its respective coupon barrier level, the contingent quarterly coupon with respect to the final observation date.

If the final index value of **either** underlying index is **less than** its respective downside threshold level: (i) the stated principal amount *multiplied by* (ii) the index performance factor of the worst performing underlying index. Under these circumstances, the payment at maturity will be less than 50% of the stated principal amount of the securities and could be zero.

Terms continued on the following page

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

Estimated value on the pricing date: $910.10 per security. See "Investment Overview" beginning on page 4.

Commissions and issue price:	Price to public[1]	Agent's commissions[2]	Proceeds to us[3]
Per security	$1,000	$35	$965
Total	$500,000	$17,500	$482,500

(1) *The price to public for investors purchasing the securities in fee-based advisory accounts will be $970 per security.*

(2) *Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $35 for each security they sell; provided that dealers selling to investors purchasing the securities in fee-based advisory accounts will receive a sales commission of $5 per security. See "Supplemental information regarding plan of distribution; conflicts of interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying prospectus supplement.*

(3) *See "Use of proceeds and hedging" on page 28.*

The securities involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 11.

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

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

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

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

Prospectus Supplement dated November 16, 2017   Index Supplement dated November 16, 2017   Prospectus dated November 16, 2017

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Terms continued from previous page:

Coupon barrier level:	With respect to the RTY Index: 939.843, which is approximately 55% of the initial index value for such index
	With respect to the SPX Index: 1,603.558, which is 55% of the initial index value for such index
Downside threshold level:	With respect to the RTY Index: 854.403, which is approximately 50% of the initial index value for such index
	With respect to the SPX Index: 1,457.78, which is 50% of the initial index value for such index
Initial index value:	With respect to the RTY Index: 1,708.805, which is the index closing value of such index on the pricing date
	With respect to the SPX Index: 2,915.56, which is the index closing value of such index on the pricing date
Final index value:	With respect to each index, the respective index closing value on the final observation date
Worst performing underlying index:	The underlying index with the larger percentage decrease from the respective initial index value to the respective final index value
Index performance factor:	Final index value *divided by* the initial index value
Coupon payment dates:	Quarterly, as set forth under "Observation Dates and Coupon Payment Dates" below. If any such day is not a business day, that contingent quarterly coupon, if any, will be paid on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day. The contingent quarterly coupon, if any, with respect to the final observation date shall be paid on the maturity date.
Observation dates:	Quarterly, beginning on December 26, 2023, as set forth under "Observation Dates and Coupon Payment Dates" below, subject to postponement for non-index business days and certain market disruption events. We also refer to September 26, 2033 as the final observation date.
CUSIP / ISIN:	61768DDG7 / US61768DDG79
Listing:	The securities will not be listed on any securities exchange.

Observation Dates and Coupon Payment Dates

Observation Dates	Coupon Payment Dates
N/A	December 31, 2018
N/A	March 28, 2019
N/A	June 28, 2019
N/A	September 30, 2019
N/A	December 31, 2019
N/A	March 30, 2020
N/A	June 30, 2020
N/A	September 30, 2020
N/A	December 31, 2020
N/A	March 30, 2021
N/A	June 30, 2021
N/A	September 30, 2021
N/A	December 30, 2021
N/A	March 30, 2022
N/A	June 30, 2022
N/A	September 29, 2022
N/A	December 30, 2022
N/A	March 30, 2023
N/A	June 29, 2023
N/A	September 28, 2023
December 26, 2023	December 29, 2023
March 25, 2024	March 28, 2024
June 25, 2024	June 28, 2024
September 25, 2024	September 30, 2024
December 26, 2024	December 31, 2024
March 25, 2025	March 28, 2025
June 25, 2025	June 30, 2025
September 25, 2025	September 30, 2025
December 26, 2025	December 31, 2025
March 25, 2026	March 30, 2026
June 25, 2026	June 30, 2026
September 25, 2026	September 30, 2026
December 28, 2026	December 31, 2026
March 25, 2027	March 31, 2027
June 25, 2027	June 30, 2027
September 27, 2027	September 30, 2027
December 27, 2027	December 30, 2027
March 27, 2028	March 30, 2028
June 26, 2028	June 29, 2028

September 2018 Page 2

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

September 25, 2028	September 28, 2028
December 26, 2028	December 29, 2028
March 26, 2029	March 29, 2029
June 25, 2029	June 28, 2029
September 25, 2029	September 28, 2029
December 26, 2029	December 31, 2029
March 25, 2030	March 28, 2030
June 25, 2030	June 28, 2030
September 25, 2030	September 30, 2030
December 26, 2030	December 31, 2030
March 25, 2031	March 28, 2031
June 25, 2031	June 30, 2031
September 25, 2031	September 30, 2031
December 26, 2031	December 31, 2031
March 25, 2032	March 31, 2032
June 25, 2032	June 30, 2032
September 27, 2032	September 30, 2032
December 27, 2032	December 30, 2032
March 25, 2033	March 30, 2033
June 27, 2033	June 30, 2033
September 26, 2033 (final observation date)	September 29, 2033 (maturity date)

September 2018 Page 3

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Investment Overview

Contingent Income Securities

Principal at Risk Securities

Contingent Income Securities due September 29, 2033 Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index (the "securities") do not guarantee the repayment of principal and do not provide for the regular payment of interest after the first 5 years. For the first 5 years, the securities will pay a fixed quarterly coupon at the rate specified below. Thereafter, the securities will pay a contingent quarterly coupon **but only if** the index closing value of **each of the Russell 2000® Index and the S&P 500® Index** (which we refer to together as the "underlying indices") is **at or above** 55% of its respective initial index value, which we refer to as the coupon barrier level, on the related observation date. If the index closing value **of either underlying index** is less than the coupon barrier level for such index on any observation date after the first 5 years, we will pay no coupon for the related quarterly period. It is possible that the index closing value of one or both underlying indices will remain below the respective coupon barrier level(s) for extended periods of time or even throughout years 6-15 so that you will receive few or no contingent quarterly coupons during that period. We refer to the coupon on the securities after the first 5 years as contingent, because there is no guarantee that you will receive a coupon payment on any coupon payment date during that period. Even if an underlying index were to be at or above the coupon barrier level for such index on some quarterly observation dates, it may fluctuate below the coupon barrier level on others. In addition, even if one underlying index were to be at or above the coupon barrier level for such index on all quarterly observation dates, you will receive a contingent quarterly coupon only with respect to the observation dates on which the other underlying index is also at or above the coupon barrier level for such index, if any. At maturity, if the final index value of **each** underlying index is greater than or equal to 50% of the respective initial index value, which we refer to as the downside threshold level, the payment at maturity will be the stated principal amount, and, if the final index value of **each** underlying index is also greater than or equal to its coupon barrier level, the related contingent quarterly coupon. If, however, the final index value of **either** underlying index is less than its downside threshold level, investors will be exposed to the decline in the worst performing underlying index on a 1-to-1 basis and will receive a payment at maturity that is less than 50% of the stated principal amount of the securities and could be zero. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment based on the performance of either index and also the risk of not receiving any contingent quarterly coupons after the first 5 years.**

Maturity:	Approximately 15 years

Years 1-5: On all coupon payment dates through September 2023, a fixed coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly.

Contingent quarterly coupon:

Years 6-15: Beginning with the December 2023 coupon payment date, a *contingent* coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly *but only if* the closing value of **each underlying index** is **at or above** its respective coupon barrier level on the related observation date.

If, on any observation date, the closing value of either underlying index is less than the coupon barrier level for such index, we will pay no coupon for the applicable interest period. It is possible that one or both underlying indices will remain below the respective coupon barrier level(s) for extended periods of time or even throughout years 6-15 so that you will receive few or no contingent quarterly coupons during that period.

If the final index value of **each** underlying index is **greater than or equal to** its respective downside threshold level: the stated principal amount, and, if the final index value of **each** underlying index is also **greater than or equal to** its respective coupon barrier level, the contingent quarterly coupon with respect to the final observation date.

Payment at maturity:

If the final index value of **either** underlying index is **less than** its respective downside threshold level: (i) the stated principal amount *multiplied by* (ii) the index performance factor of the worst performing underlying index. Under these circumstances, the payment at maturity will be less than 50% of the stated principal amount of the securities and could be zero.

Morgan Stanley 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.

September 2018 Page 4

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

The original issue price of each security is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date is less than $1,000. We estimate that the value of each security on the pricing date is $910.10.

What goes into the estimated value on the pricing date?

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

What determines the economic terms of the securities?

In determining the economic terms of the securities, including the contingent quarterly coupon rate, the coupon barrier levels and the downside threshold levels, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the securities would be more favorable to you.

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

The price at which MS & Co. purchases the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully

deducted upon issuance, for a period of up to 18 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the securities, and, if it once chooses to make a market, may cease doing so at any time.

September 2018 Page 5

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Key Investment Rationale

The securities provide for fixed quarterly coupon payments at the rate specified herein for the first 5 years. Thereafter, the securities do not provide for the regular payment of interest and instead will pay a contingent quarterly coupon **but only if** the index closing value of **each underlying index** is **at or above** 55% of its initial index value, which we refer to as the coupon barrier level, on the related observation date. The following scenarios are for illustration purposes only to demonstrate how the payment at maturity and contingent quarterly coupon are calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the contingent quarterly coupon may be payable with respect to none of, or some but not all of, the quarterly periods during years 6-15, and the payment at maturity may be less than 50% of the stated principal amount and could be zero. Investors will not participate in any appreciation in either underlying index.

Scenario 1: A contingent quarterly coupon is paid for all interest periods, and investors receive principal back at maturity, which is the best-case scenario.	This scenario assumes that during years 6-15, each underlying index closes at or above its respective coupon barrier level on every quarterly observation date. Investors receive the fixed quarterly coupon for the quarterly interest periods during the first 5 years, and investors receive the contingent quarterly coupon for each interest period during years 6-15. At maturity, each underlying index closes above its respective downside threshold level and coupon barrier level, and so investors receive the stated principal amount and the contingent quarterly coupon with respect to the final observation date.
Scenario 2: A contingent quarterly coupon is paid for some, but not all, interest periods, and investors receive principal back at maturity.	This scenario assumes that each underlying index closes at or above its respective coupon barrier level on some quarterly observation dates after the first 5 years, but one or both underlying indices close below the respective coupon barrier level(s) for such index on the others. Investors receive the fixed quarterly coupon for the quarterly interest periods during the first 5 years. Investors receive the contingent quarterly coupon for the quarterly interest periods during years 6-15 for which the index closing value of each underlying index is at or above its respective coupon barrier level on the related observation date, but not for the interest periods for which one or both underlying indices close below the respective coupon barrier level(s) on the related observation date. On the final observation date, each underlying index closes at or above its downside threshold level. At maturity, investors receive the stated principal amount, and, depending on whether each final index value is greater than, equal to or below the respective coupon barrier level, the contingent quarterly coupon with respect to the final observation date.
Scenario 3 : No contingent quarterly coupon is paid for any interest period	This scenario assumes that one or both underlying indices close below the respective coupon barrier level(s) on every quarterly observation date during years 6-15. Investors receive the fixed quarterly coupon for the quarterly interest periods during the first 5 years. However, since one or both underlying indices close below the respective coupon barrier level(s) on every

during years 6-15, and investors suffer a substantial loss of principal at maturity. quarterly observation date during years 6-15, investors do not receive any contingent quarterly coupon during that period. On the final observation date, one or both underlying indices close below the respective downside threshold level(s). At maturity, investors will receive an amount equal to the stated principal amount multiplied by the index performance factor of the worst performing underlying index. Under these circumstances, the payment at maturity will be less than 50% of the stated principal amount and could be zero.

September 2018 Page 6

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Underlying Indices Summary

Russell 2000® Index

The Russell 2000® 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® Index. The Russell 3000® 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® Index consists of the smallest 2,000 companies included in the Russell 3000® Index and represents a small portion of the total market capitalization of the Russell 3000® Index. The Russell 2000® Index is designed to track the performance of the small capitalization segment of the U.S. equity market.

Information as of market close on September 25, 2018:

Bloomberg Ticker Symbol:	RTY
Current Index Value:	1,708.805
52 Weeks Ago:	1,451.958
52 Week High (on 8/31/2018):	1,740.753
52 Week Low (on 9/25/2017):	1,451.958

For additional information about the Russell 2000® Index, see the information set forth under "Russell 2000® Index" in the accompanying index supplement. Furthermore, for additional historical information, see "Russell 2000® Index Historical Performance" below.

S&P 500® Index

The S&P 500® Index, which is calculated, maintained and published by S&P Dow Jones Indices LLC ("S&P"), consists of stocks of 500 component companies selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500® Index is based on the relative value of the float adjusted aggregate market capitalization of the 500 component companies as of a particular time as compared to the aggregate average market capitalization of 500 similar companies during the base period of the years 1941 through 1943.

Information as of market close on September 25, 2018:

Bloomberg Ticker Symbol:	SPX
Current Index Value:	2,915.56
52 Weeks Ago:	2,496.66
52 Week High (on 9/20/2018)	2,930.75
52 Week Low (on 9/25/2017):	2,496.66

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

September 2018 Page 7

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples illustrate how to determine whether a contingent quarterly coupon is paid with respect to an observation date and how to calculate the payment at maturity. The following examples are for illustrative purposes only. For the first 5 years, you will receive a fixed quarterly coupon at a rate of 6.00% per annum regardless of the performance of the underlying indices. Whether you receive a contingent quarterly coupon after the first 5 years will be determined by reference to the index closing value of each underlying index on each quarterly observation date, and the amount you will receive at maturity, if any, will be determined by reference to the final index value of each underlying index on the final observation date. The actual initial index value, coupon barrier level and downside threshold level for each underlying index are set forth on the cover of this document. All payments on the securities, if any, are subject to our credit risk. The below examples are based on the following terms:

	Years 1-5: On all coupon payment dates through September 2023, a fixed coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly.
Contingent Quarterly Coupon:	Years 6-15: Beginning with the December 2023 coupon payment date, a *contingent* coupon at an annual rate of 6.00% (corresponding to approximately $15.00 per quarter per security) is paid quarterly *but only if* the closing value of **each underlying index** is **at or above** its respective coupon barrier level on the related observation date.*
	If, on any observation date in years 6-15, the closing value of either underlying index is less than the coupon barrier level for such index, we will pay no coupon for the applicable interest period. It is possible that one or both underlying indices will remain below the respective coupon barrier level(s) for extended periods of time or even throughout years 6-15 so that you will receive few or no contingent quarterly coupons during that period.
Payment at Maturity:	If the final index value of **each** underlying index is **greater than or equal to** its respective downside threshold level: the stated principal amount, and, if the final index value of **each** underlying index is also **greater than or equal to** its respective coupon barrier level, the contingent quarterly coupon with respect to the final observation date

If the final index value of **either** underlying index is **less than** its respective downside threshold level: (i) the stated principal amount *multiplied by* (ii) the index performance factor of the worst performing underlying index. Under these circumstances, the payment at maturity will be less than 50% of the stated principal amount of the securities and could be zero.

Stated Principal Amount: $1,000

Hypothetical Initial Index Value:

With respect to the RTY Index: 1,200

With respect to the SPX Index: 2,500

With respect to the RTY Index: 660, which is 55% of the hypothetical initial index value for such index

Hypothetical Coupon Barrier Level:

With respect to the SPX Index: 1,375, which is 55% of the hypothetical initial index value for such index

With respect to the RTY Index: 600, which is 50% of the hypothetical initial index value for such index

Hypothetical Downside Threshold Level: With respect to the SPX Index: 1,250, which is 50% of the hypothetical initial index value for such index

* The actual quarterly coupon will be an amount determined by the calculation agent based on the number of days in the applicable payment period, calculated on a 30/360 basis. The hypothetical quarterly coupon of $15.00 is used in these examples for ease of analysis.

September 2018 Page 8

17

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

How to determine whether a contingent quarterly coupon is payable with respect to an observation date during years 6-15:

	Index Closing Value		Contingent Quarterly Coupon
	RTY Index	SPX Index	
Hypothetical Observation Date 1	950 (**at or above** coupon barrier level)	1,700 (**at or above** coupon barrier level)	$15.00
Hypothetical Observation Date 2	1,200 (**at or above** coupon barrier level)	1,000 (**below** coupon barrier level)	$0
Hypothetical Observation Date 3	600 (**below** coupon barrier level)	2,000 (**at or above** coupon barrier level)	$0
Hypothetical Observation Date 4	500 (**below** coupon barrier level)	1,100 (**below** coupon barrier level)	$0

On hypothetical observation date 1, both the RTY Index and SPX Index close at or above their respective coupon barrier levels. Therefore a contingent quarterly coupon of $15.00 is paid on the relevant coupon payment date.

On each of the hypothetical observation dates 2 and 3, one underlying index closes at or above its coupon barrier level but the other underlying index closes below its coupon barrier level. Therefore, no contingent quarterly coupon is paid on the relevant coupon payment date.

On hypothetical observation date 4, each underlying index closes below its respective coupon barrier level and accordingly no contingent quarterly coupon is paid on the relevant coupon payment date.

Beginning after 5 years, you will not receive a contingent quarterly coupon on any coupon payment date if the closing value of either underlying index is below its respective coupon barrier level on the related observation date.

How to calculate the payment at maturity:

	Final Index Value		Payment at Maturity
	RTY Index	SPX Index	
Example 1:	1,500 (**at or above** the downside threshold level and coupon barrier level)	3,000 (**at or above** the downside threshold level and coupon barrier level)	$1,015.00 (the stated principal amount *plus* the contingent quarterly coupon with respect to the final observation date)
Example 2:	650 (**at or above** the downside threshold level but **below** the coupon barrier level)	1,750 (**at or above** the downside threshold level and coupon barrier level)	$1,000.00 (the stated principal amount)
Example 3:	850 (**at or above** the downside threshold level)	1,000 (**below** the downside threshold level)	$1,000 x index performance factor of the worst performing underlying = $1,000 x (1,000 / 2,500) = $400
Example 4:	480 (**below** the downside threshold level)	1,800 (**at or above** the downside threshold level)	$1,000 x (480 / 1,200) = $400
Example 5:	300 (**below** the downside threshold level)	1,000 (**below** the downside threshold level)	$1,000 x (300 / 1,200) = $250
Example 6:	480 (**below** the downside threshold level)	625 (**below** the downside threshold level)	$1,000 x (625 / 2,500) = $250

September 2018 Page 9

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

In example 1, the final index values of both the RTY Index and SPX Index are at or above their downside threshold levels and coupon barrier levels. Therefore, investors receive at maturity the stated principal amount of the securities and the contingent quarterly coupon with respect to the final observation date. Investors do not participate in any appreciation of either underlying index.

In example 2, the final index values of both the RTY Index and the SPX Index are at or above their downside threshold levels. However, the final index value of the RTY Index is below its coupon barrier level. Therefore, investors receive at maturity the stated principal amount of the securities but do not receive the contingent quarterly coupon with respect to the final observation date.

In examples 3 and 4, the final index value of one underlying index is at or above its downside threshold level but the final index value of the other underlying index is below its downside threshold level. Therefore, investors are exposed to the downside performance of the worst performing underlying index at maturity and receive at maturity an amount equal to the stated principal amount *times* the index performance factor of the worst performing underlying index.

Similarly, in examples 5 and 6, the final index value of each underlying index is below its respective downside threshold level, and investors receive at maturity an amount equal to the stated principal amount *times* the index performance factor of the worst performing underlying index. In example 5, the RTY Index has declined 75% from its initial index value to its final index value, while the SPX Index has declined 60% from its initial index value to its final index value. Therefore, the payment at maturity equals the stated principal amount *times* the index performance factor of the RTY Index, which is the worst performing underlying index in this example. In example 6, the RTY Index has declined 60% from its initial index value, while the SPX Index has declined 75% from its initial index value to its final index value. Therefore the payment at maturity equals the stated principal amount *times* the index performance factor of the SPX Index, which is the worst performing underlying index in this example.

If the final index value of EITHER underlying index is below its respective downside threshold level, you will be exposed to the downside performance of the worst performing underlying index at maturity, and your payment at maturity will be less than $500 per security and could be zero.

September 2018 Page 10

Morgan Stanley Finance LLC

Contingent Income Securities due September 29, 2033
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index
Principal at Risk Securities

Risk Factors

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

§ **The securities do not guarantee the return of any principal.** The terms of the securities differ from those of ordinary debt securities in that they do not guarantee the repayment of principal. If the final index value of either underlying index is less than its downside threshold level of 50% of its initial index value, you will be exposed to the decline in the closing value of the worst performing underlying index, as compared to its initial index value, on a 1-to-1 basis, and you will receive for each security that you hold at maturity an amount equal to the stated principal amount *times* the index performance factor of the worst performing underlying index. **In this case, the payment at maturity will be less than 50% of the stated principal amount and could be zero.**

§ **After the first 5 years, the securities do not provide for regular interest payments.** The terms of the securities differ from those of ordinary debt securities in that they do not provide for the regular payment of interest after the first 5 years. For the first 5 years, the securities will pay a fixed quarterly coupon at the rate specified herein. Thereafter, the securities will pay a contingent quarterly coupon only if the index closing value of each underlying index is at or above 55% of its respective initial index value, which we refer to as the coupon barrier level, on the related observation date. If, on the other hand, the index closing value of either underlying index is lower than the coupon barrier level for such index on the relevant observation date for any interest period during years 6-15, we will pay no coupon on the applicable coupon payment date. It is possible that the index closing value of one or both underlying indices will remain below the respective coupon barrier level(s) for extended periods of time or even throughout years 6-15 so that you will receive few or no contingent quarterly coupons during that period. If you do not earn sufficient contingent quarterly coupons over the term of the securities, the overall return on the securities may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity.

§ **You are exposed to the price risk of both underlying indices, with respect to both the contingent quarterly coupons after the first 5 years, if any, and the payment at maturity, if any.** Your return on the securities is not linked to a basket consisting of both underlying indices. Rather, it will be contingent upon the independent performance of each underlying index. Unlike an instrument with a return linked to a basket of underlying assets in which risk is mitigated and diversified among all the components of the basket, you will be exposed to the risks related to both underlying indices. Poor performance by either underlying index over the term of the securities may negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying

index. To receive any contingent quarterly coupons after the first 5 years, **each** underlying index must close at or above its respective coupon barrier level on the applicable observation date. In addition, if **either** underlying index has declined to below its respective downside threshold level as of the final observation date, you will be **fully exposed** to the decline in the worst performing underlying index over the term of the securities on a 1-to-1 basis, even if the other underlying index has appreciated or not declined as much. Under this scenario, the value of any such payment will be less than 50% of the stated principal amount and could be zero. Accordingly, your investment is subject to the price risk of both underlying indices.

§**Because the securities are linked to the performance of the worst performing underlying index, you are exposed to greater risks of receiving no contingent quarterly coup**