MORGAN STANLEY
Form 424B2
February 14, 2019

February 2019

Preliminary Pricing Supplement No. 1,608
Registration Statement No. 333-221595; 333-221595-01
Dated February 13, 2019
Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Fixed Income Buffered Securities due June 19, 2020

Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The securities offered 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 any principal. The securities will pay a fixed monthly coupon (including at maturity) at the rate specified below. At maturity, if the final level of **each of** the Russell 2000® Index **and** the iShares® MSCI EAFE ETF, which we refer to as the underlyings, is greater than or equal to 80% of its respective initial level, meaning that **neither of** the underlyings has declined by an amount greater than the buffer amount of 20%, investors will receive the stated principal amount of the securities. However, if the final level of **either of** the underlyings is less than 80% of its initial level, meaning that **either of** the underlyings has declined by an amount greater than the buffer amount of 20%, investors will lose 1.25% of the principal amount for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%. Under these circumstances, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of the securities and could be zero. **There is no minimum payment at maturity on the securities. Accordingly, investors in the securities may lose their entire initial investment in the securities.** Because payments on the securities are based on the worst performing of the underlyings, a decline beyond the buffer amount of **either of** the underlyings will result in a loss of your investment, even if the other underlying has appreciated or has not declined as much. Investors will not participate in any appreciation of the underlyings. These securities are for investors who are willing to risk their principal based on the performance of the worst performing underlying, and who are willing to forgo the opportunity to participate in any appreciation of the underlyings in exchange for the limited protection against loss and the opportunity to earn interest at a potentially above-market rate. 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.

SUMMARY TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Underlyings:	Russell 2000® Index (the "RTY Index") and iShares® MSCI EAFE ETF (the "EFA Shares")
Aggregate principal amount:	$
Stated principal amount:	$1,000 per security
Issue price:	$1,000 per security (see "Commissions and issue price" below)
Pricing date:	February 13, 2019
Original issue date:	February 19, 2019 (3 business days after the pricing date)
Determination date:	June 12, 2020, subject to adjustment for non-index business days, non-trading days and certain market disruption events
Maturity date:	June 19, 2020
Monthly coupon:	A fixed monthly coupon at an annual rate of 5.25% (corresponding to approximately $4.375 per month per security) is paid on each coupon payment date.
Coupon payment dates:	March 19, 2019, April 19, 2019, May 19, 2019, June 19, 2019, July 19, 2019, August 19, 2019, September 19, 2019, October 19, 2019, November 19, 2019, December 19, 2019, January 19, 2020, February 19, 2020, March 19, 2020, April 19, 2020, May 19, 2020 and the maturity date. If any such day is not a business day, that monthly coupon will be paid on the next succeeding business day, and no adjustment will be made to any monthly coupon payment made on that succeeding business day.
Buffer amount:	20%. As a result of the buffer amount of 20%, the closing level at or above which **each of** the underlyings must close on the determination date so that you are not exposed to the negative performance of the worst performing underlying at maturity is: With respect to the RTY Index: 1,230.584, which is 80% of its initial level With respect to the EFA Shares: $50.144, which is 80% of its initial level
Downside factor:	1.25
Payment at maturity:	At maturity, in addition to the final monthly coupon payment, investors will receive a payment at maturity determined as follows: If the final level of **each of** the underlyings is **greater than or equal to** 80% of its respective initial level, meaning that the final

	level of **neither of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: the stated principal amount of $1,000.00 per security If the final level of **either of** the underlyings is **less than** 80% of its respective initial level, meaning that the final level of **either of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: $1,000 + [$1,000 x (underlying percent change of the worst performing underlying + 20%) x downside factor] *Under these circumstances, the payment at maturity will be less, and possibly significantly less, than 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:	Approximately $994.70 per security, or within $10.00 of that estimate. See "Investment Overview" beginning on page 3.

Commissions and issue price:	**Price to public**	**Agent's commissions[(1)]**	**Proceeds to issuer[(2)]**
Per security	$1,000	$0	$1,000
Total	$	$	$

(1) MS & Co., the agent, will not receive a sales commission in connection with the securities. 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.

(2) See "Use of proceeds and hedging" on page 30.

The securities involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 8.

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 Terms of the Securities" and "Additional Information About the Securities" at the end of this document.

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

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

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

Terms continued from previous page:

Initial level:	With respect to the RTY Index: 1,538.230, which is the index closing value for such underlying on February 12, 2019 With respect to the EFA Shares: $62.68, which is the closing price for such underlying on February 12, 2019
Final level:	With respect to the RTY Index, the index closing value of the RTY Index on the determination date With respect to the EFA Shares, the closing price of one EFA Share on the determination date *times* the adjustment factor on such date
Adjustment factor:	With respect to the EFA Shares, 1.0, subject to adjustment in the event of certain events affecting such EFA Shares
Worst performing underlying:	The underlying with the larger percentage decrease from the respective initial level to the respective final level
Underlying percent change:	With respect to each underlying, (final level – initial level) / initial level
CUSIP / ISIN:	61768DR56 / US61768DR568
Listing:	The securities will not be listed on any securities exchange.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

Investment Overview

Fixed Income Buffered Securities

Principal at Risk Securities

Fixed Income Buffered Securities due June 19, 2020 Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF (the "securities") do not guarantee the repayment of any principal. The securities will pay a fixed monthly coupon (including at maturity) at the rate specified below. At maturity, if the final level of **each of** the Russell 2000® Index and the iShares® MSCI EAFE ETF, which we refer to as the underlyings, is greater than or equal to 80% of its respective initial level, meaning that **neither of** the underlyings has declined by an amount greater than the buffer amount of 20%, investors will receive the stated principal amount of the securities. However, if the final level of **either of** the underlyings is less than 80% of its respective initial level, meaning that **either of** the underlyings has declined by an amount greater than the buffer amount of 20%, investors will lose 1.25% of the principal amount for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%. Under these circumstances, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of the securities and could be zero. Investors will not participate in any appreciation of either underlying. **There is no minimum payment at maturity on the securities. Accordingly, investors in the securities may lose their entire initial investment in the securities.**

Maturity:	1 year and 4 months
Monthly coupon:	A fixed monthly coupon at an annual rate of 5.25% (corresponding to approximately $4.375 per month per security) is paid on each coupon payment date.
Payment at maturity:	At maturity, in addition to the final monthly coupon, investors will receive a payment at maturity determined as follows: If the final level of **each of** the underlyings is **greater than or equal to** 80% of its respective initial level, meaning that the final level of **neither of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: the stated principal amount of $1,000 per security If the final level of **either of** the underlyings is **less than** 80% of its respective initial level, meaning that the final level of **either of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: $1,000 + [$1,000 x (underlying percent change of the worst performing underlying + 20%) x

downside factor]

Under these circumstances, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of the securities and could be zero.

We are using this preliminary pricing supplement to solicit from you an offer to purchase the securities. You may revoke your offer to purchase the securities at any time prior to the time at which we accept such offer by notifying the relevant agent. We reserve the right to change the terms of, or reject any offer to purchase, the securities prior to their issuance. In the event of any material changes to the terms of the securities, we will notify you.

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.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
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 will be less than $1,000. We estimate that the value of each security on the pricing date will be approximately $994.70, or within $10.00 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

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 underlyings. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlyings, instruments based on the underlyings, 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 monthly coupon rate, the buffer amount and the downside factor, 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 underlyings, 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 6 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 underlyings, 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.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

Key Investment Rationale

The securities do not guarantee the repayment of principal and will pay a fixed monthly coupon (including at maturity) at the rate specified herein. These securities are for investors who are willing to risk their principal based on the performance of the worst performing underlying, and who are willing to forgo the opportunity to participate in any appreciation of the underlyings in exchange for the opportunity to earn interest at a potentially above-market rate. The following scenarios are for illustration purposes only to demonstrate how the payment at maturity is calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the payment at maturity may be less, and possibly significantly less, than the stated principal amount and could be zero.

Monthly coupon:	The securities will pay a fixed monthly coupon at an annual rate of 5.25% (corresponding to approximately $4.375 per month per security) on each coupon payment date.
Scenario 1: Investors receive principal back at maturity.	At maturity, each of the underlyings closes at or above 80% of its initial level, and investors receive, in addition to the final monthly coupon payment, the stated principal amount. Investors will not participate in any appreciation of the underlyings, and the return on the securities will be limited to the monthly coupons that are paid on the securities.
Scenario 2: Investors suffer a loss of principal at maturity.	At maturity, one or both of the underlyings have decreased by more than the buffer amount of 20% from the respective initial level(s). In this scenario, investors will receive the final monthly coupon payment, but will lose 1.25% of principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%. The payment at maturity will be less, and possibly significantly less, than the stated principal amount and could be zero.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples illustrate how to calculate the payment at maturity, if any. The following examples are for illustrative purposes only. You will receive a fixed monthly coupon (including at maturity) at a rate of 5.25% per annum regardless of the performance of the underlyings. The amount you will receive at maturity will be determined by reference to the final level of each of the underlyings on the determination date. The actual initial level for each of the underlyings is set forth on the cover of this document. All payments on the securities are subject to the credit risk of Morgan Stanley. The below examples are based on the following terms:

Monthly Coupon:	A fixed monthly coupon at an annual rate of 5.25% (corresponding to approximately $4.375 per month per security) is paid on the coupon payment dates.*
Payment at Maturity:	If the final level of **each of** the underlyings is **greater than or equal to** 80% of its respective initial level, meaning that the final level of **neither of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: the stated principal amount of $1,000 per security If the final level of **either of** the underlyings is **less than** 80% of its respective initial level, meaning that the final level of **either of** the underlyings has decreased by an amount greater than the buffer amount of 20% from its respective initial level: $1,000 + [$1,000 x (underlying percent change of the worst performing underlying + 20%) x downside factor]
Stated Principal Amount:	$1,000
Hypothetical Initial Level:	With respect to the RTY Index: 1,200 With respect to the EFA Shares: $70
Buffer Amount:	With respect to each of the underlyings, 20%
Downside Factor:	1.25

* The actual monthly 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.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

How to calculate the payment at maturity:

	Final Level		Underlying Percent Change		Payment at Maturity (in addition to the final monthly coupon payment)
	RTY Index	EFA Shares	RTY Index	EFA Shares	
Example 1:	1,550 (**at or above** 80% of the initial level)	$95 (**at or above** 80% of the initial level)	N/A	N/A	$1,000.00 (the stated principal amount)
Example 2:	840 (**below** 80% of the initial level)	$58.50 (**at or above** 80% of the initial level)	(840 – 1,200) / 1,200 = -30%	N/A	$875.00, calculated as follows: $1,000 + [$1,000 x (underlying percent change of the worst performing underlying + 20%) x downside factor] = $1,000 + [$1,000 x (-30% + 20%) x 1.25] = $1,000 + ($1,000 x -10% x 1.25) = $875.00
Example 3:	1,000 (**at or above** 80% of the initial level)	$42 (**below** 80% of the initial level)	N/A	($42 – $70) / $70 = -40%	$750.00, calculated as follows: = $1,000 + [$1,000 x (-40% + 20%) x 1.25] = $1,000 + ($1,000 x -20% x 1.25) = $750.00
Example 4:	480 (**below** 80% of the initial level)	$14 (**below** 80% of the initial level)	(480 – 1,200) / 1,200 = -60%	($14 – $70) / $70 = -80%	$250.00, calculated as follows: = $1,000 + [$1,000 x (-80% + 20%) x 1.25] = $1,000 + ($1,000 x -60% x 1.25) = $250.00
Example 5:	420 (**below** 80% of the initial level)	$52.50 (**below** 80% of the initial level)	(420 – 1,200) / 1,200 = -65%	($52.50 – $70) / $70 = -25%	$468.75, calculated as follows:

= $1,000 + [$1,000 x (-65% + 20%) x 1.25]
= $1,000 + ($1,000 x -45% x 1.25) = $437.50

In example 1, the final levels of both the RTY Index and the EFA Shares are at or above 80% of their respective initial levels. Therefore, investors receive at maturity the stated principal amount of the securities and the final monthly coupon. However, investors do not participate in the appreciation of either underlying.

In examples 2 and 3, the final level of one of the underlyings is at or above 80% of its respective initial level but the final level of the other underlying is below 80% of its respective initial level. Therefore, at maturity, investors receive the final monthly coupon, but will lose 1.25% of principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%.

Similarly, in examples 4 and 5, the final level of each of the underlyings is below 80% of its respective initial level. Therefore, at maturity, investors receive the final monthly coupon, but will lose 1.25% of principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%.

In example 4, the RTY Index has declined 60% from its initial level to its final level, while the EFA Shares have declined 80% from the respective initial level to the respective final level. Therefore, investors receive the final monthly coupon and a payment at maturity calculated based on the underlying percent change of the EFA Shares, the worst performing underlying in this example. Investors will lose 1.25% of principal for every 1% decline in the final level of the EFA shares from the respective initial level beyond the buffer amount of 20%.

In example 5, the RTY Index has declined 65% from its initial level to its final level, while the EFA Shares have declined 25% from the respective initial level to the respective final level. Therefore, investors receive the final monthly coupon and a payment at maturity calculated based on the underlying percent change of the RTY Index, the worst performing underlying in this example. Investors will lose 1.25% of principal for every 1% decline in the final level of the RTY Index from its initial level beyond the buffer amount of 20%.

If the final level of EITHER of the underlyings has declined from its initial level by an amount greater than the buffer amount, your payment at maturity will be less, and possibly significantly less, than the stated principal amount and could be zero.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
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 before you invest 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 the securities do not guarantee the return of any of the stated principal amount at maturity. Instead, if the final level of **either of** the underlyings is less than 80% of its respective initial level, meaning the final level of **either of** the underlyings has decreased by more than the buffer amount of 20% from its respective initial level, you will lose 1.25% of your principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%. Under this scenario, the value of the payment at maturity will be less, and could be significantly less, than the stated principal amount and could be zero.

§ **You are exposed to the price risk of each of the underlyings.** Your return on the securities is not linked to a basket consisting of both of the underlyings. Rather, it will be contingent upon the independent performance of each of the underlyings. 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 each of the underlyings. Poor performance by **either of** the underlyings 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. If the final level of **either of** the underlyings is less than 80% of its respective initial level, investors will lose 1.25% of principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%, even if the other underlying has appreciated or has not declined as much. Under this scenario, the value of any such payment will be less, and possibly significantly less, than the stated principal amount and could be zero. Accordingly, your investment is subject to the price risk of each of the underlyings.

§ **Because the securities are linked to the performance of the worst performing underlying, you are exposed to a greater risk of sustaining a loss on your investment than if the securities were linked to just one of the underlyings.** The risk that you will suffer a loss on your investment is greater if you invest in the securities as opposed to substantially similar securities that are linked to the performance of just one of the underlyings. With two underlyings, it is more likely that the final level of either of the underlyings will be less than 80% of its respective initial level than if the securities were linked to only one of the underlyings. Therefore, it is more likely that you will suffer a loss on your investment.

§ **Investors will not participate in any appreciation of either of the underlyings.** Investors will not participate in any appreciation of either of the underlyings, and the return on the securities will be limited to the fixed monthly

coupons paid during the term of the securities.

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

§ **As a finance subsidiary, MSFL has no independent operations and will have no independent assets.** As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank pari passu with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such

proceedings they would not have any priority over and should be treated pari passu with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

§ **The securities are linked to the Russell 2000® Index and are therefore subject to risks associated with small-capitalization companies.** The Russell 2000® Index seek investment results that correspond generally to the price and yield performance of the Russell 2000® Index. The Russell 2000® Index consists of stocks issued by companies with relatively small market capitalization. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the Russell 2000® Index may be more volatile than indices that consist of stocks issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

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

§ **The securities are subject to currency exchange risk**. Because the price of the EFA Shares tracks the performance of the MSCI EAFE Index℠, holders of the securities will be exposed to currency exchange rate risk with respect to each of the currencies in which such component securities trade. Exchange rate movements for a particular currency are volatile and are the result of numerous factors including the supply of, and the demand for, those currencies, as well as relevant government policy, intervention or actions, but are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to the relevant region. An investor's net exposure will depend on the extent to which the currencies of the component securities

strengthen or weaken against the U.S. dollar and the relative weight of each security. If, taking into account such weighting, the dollar strengthens against the currencies of the component securities represented in the EFA Shares, the price of the EFA Shares will be adversely affected and the payment at maturity on the securities may be reduced.

Of particular importance to potentially currency exchange risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments; and
- the extent of governmental surpluses or deficits in the countries represented in the MSCI EAFE Index^{SM} and the United States.

All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of various countries represented in the MSCI EAFE Index^{SM} and the United States and other countries important to international trade and finance.

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

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

- the volatility (frequency and magnitude of changes in value) of the underlyings and the stocks constituting the RTY Index and the EAFE Index,
- dividend rates on the stocks constituting the RTY Index and the EAFE Index,
- geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlyings or equity markets generally and which may affect the levels of the underlyings,
- the time remaining until the securities mature,
- interest and yield rates in the market,
- the availability of comparable instruments,
- the occurrence of certain events affecting the underlyings that may or may not require an adjustment to the adjustment factor,
- the exchange rates of the U.S. dollar relative to the currencies in which the stocks constituting the EAFE Index trade, and
- any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the price that you will receive if you sell your securities prior to maturity. In particular, if the level of either of the underlyings has closed near or below 80% of its respective initial level, the market value of the securities is expected to decrease substantially and you may have to sell your securities at a substantial discount from the stated principal amount of $1,000 per security.

You cannot predict the future performance of either of the underlyings based on its historical performance. The final level of one or both of the underlyings may be less than 80% of the respective initial level(s), resulting in a loss of 1.25% of principal for every 1% decline in the final level of the worst performing underlying from its initial level beyond the buffer amount of 20%. There can be no assurance that the final levels of both of the underlyings will be equal to or greater than 80% of their respective initial levels on the determination date so that you do not suffer a loss on your initial investment in the securities. See "Russell 2000® Index Overview" and "iShares® MSCI EAFE ETF Overview" below.

§ **The antidilution adjustments the calculation agent is required to make do not cover every event that could affect the EFA Shares.** MS & Co., as calculation agent, will adjust the adjustment factor for certain events affecting the EFA Shares. However, the calculation agent will not make an adjustment for every event that could affect the EFA Shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the market price of the securites may be materially and adversely affected.

§ **Not equivalent to investing in the underlyings or the stocks composing the RTY Index or the EAFE Index.** Investing in the securities is not equivalent to investing in the underlyings or the stocks that constitute the RTY Index or the EAFE Index. Investors in the securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the stocks that constitute the RTY Index or the EAFE Index.

§ **The amount payable on the securities is not linked to the levels of the underlyings at any time other than the determination date.** The final level of the RTY Index will be based on the index closing value of the RTY Index on the determination date, subject to adjustment for non-index business days and certain market disruption events, and the final level of the EFA Shares will be based on the closing price of one EFA Share on the determination date, subject to adjustment for non-trading days and certain market disruption events. Even if both underlyings appreciate prior to the determination date but then drop by the determination 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 levels of the underlyings prior to such drop. Although the actual levels of the underlyings on the stated maturity date or at other times during the term of the securities

may be higher than their respective final levels, the payment at maturity will be based solely on the index closing value of the RTY Index and the closing price of the EFA Shares on the determination date.

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

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

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

However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 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 underlyings, and to our secondary market credit spreads, it would do so based on values higher than the estimated

value, and we expect that those higher values will also be reflected in your brokerage account statements.

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

§ **Adjustments to the RTY Index could adversely affect the value of the security.** The publisher of the RTY Index may add, delete or substitute the stocks constituting the RTY Index or make other methodological changes that could change the value of the RTY Index. The publisher of the RTY Index may discontinue or suspend calculation or publication of the RTY 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 security will be an amount based on the closing prices at maturity of the

securities composing the RTY Index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the RTY Index last in effect prior to discontinuance of the RTY Index.

§ **Adjustments to the EFA Shares or the index tracked by the EFA Shares could adversely affect the value of the security.** The investment adviser to iShares® MSCI EAFE ETF, BlackRock Fund Advisors (the "Investment Adviser"), seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the EAFE Index. Pursuant to its investment strategies or otherwise, the Investment Adviser may add, delete or substitute the stocks composing iShares® MSCI EAFE ETF. Any of these actions could adversely affect the price of the EFA Shares and, consequently, the value of the securities. MSCI Inc. ("MSCI") is responsible for calculating and maintaining the EAFE Index. MSCI may add, delete or substitute the stocks constituting the EAFE Index or make other methodological changes that could change the level of the the EAFE Index. MSCI may discontinue or suspend calculation or publication of the EAFE 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 EAFE Index and is permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates. Any of these actions could adversely affect the price of the EFA Shares and, consequently, the value of the securities.

§ **The performance and market price of the EFA Shares, particularly during periods of market volatility, may not correlate with the performance of the EAFE Index, the performance of the component securities of the EAFE Index or the net asset value per share of the EFA Shares.** The EFA Shares do not fully replicate the EAFE Index and may hold securities that are different than those included in the EAFE Index. In addition, the performance of the EFA Shares will reflect additional transaction costs and fees that are not included in the calculation of the EAFE Index. All of these factors may lead to a lack of correlation between the performance of EFA Shares and the EAFE Index. In addition, corporate actions (such as mergers and spin-offs) with respect to the equity securities underlying the EFA Shares may impact the variance between the performances of EFA Shares and the EAFE Index. Finally, because the shares of the EFA Shares are traded on an exchange and are subject to market supply and investor demand, the market price of one share of the EFA Shares may differ from the net asset value per share of the EFA Shares.

In particular, during periods of market volatility, or unusual trading activity, trading in the securities underlying the EFA Shares may be disrupted or limited, or such securities may be unavailable in the secondary market. Under these circumstances, the liquidity of the EFA Shares may be adversely affected, market participants may be unable to calculate accurately the net asset value per share of the EFA Shares, and their ability to create and redeem shares of the EFA Shares may be disrupted. Under these circumstances, the market price of shares of the EFA Shares may vary substantially from the net asset value per share of the EFA Shares or the level of the EAFE Index.

For all of the foregoing reasons, the performance of the EFA Shares may not correlate with the performance of the EAFE Index, the performance of the component securities of the EAFE Index or the net asset value per share of the EFA Shares. Any of these events could materially and adversely affect the price of the shares of the EFA Shares and, therefore, the value of the securities. Additionally, if market volatility or these events were to occur on any of the determination date, the calculation agent would maintain discretion to determine whether such market volatility or events have caused a market disruption event to occur, and such determination may affect the payment at maturity of the securities. If the calculation agent determines that no market disruption event has taken place, the payment at maturity would be based on the published closing price per share of the EFA Shares on the determination date, even if the EFA Shares' shares are underperforming the EAFE Index or the component securities of the EAFE Index and/or trading below the net asset value per share of the EFA Shares.

§ **Hedging and trading activity by our affiliates could potentially affect the value of the securities.** One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the securities (and to other instruments linked to the underlyings and the EAFE Index), including taking positions in the EFA Shares and the stocks constituting the RTY Index or the EAFE Index, and in futures and/or options contracts on the underlyings or the component stocks of the EAFE Index listed on major securities markets. As a result, these entities may be unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the determination date approaches. Some of our affiliates also trade the underlyings and other financial instruments related to the underlyings and the EAFE 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 February 12, 2019 could have

Morgan Stanley Finance LLC
Fixed Income Buffered Securities due June 19, 2020
Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the iShares® MSCI EAFE ETF
Principal at Risk Securities

increased the initial level of either of the underlyings, and, therefore, could have increased the level at or above which such underlying must close on the determination date so that you do not suffer a loss on your investment at maturity (depending also on the performance of the other underlying). Additionally, such hedging or trading activities during the term of the securities could potentially affect the price of either of the underlyings on the determination date, and, accordingly, the payout to you at maturity, if any (depending also on the performance of the other underlying).

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities.** As calculation agent, MS & Co. has determined the initial levels, and will determine the final levels, the payment at maturity, if any, whether a market disruption event has occurred and whether to make any adjustments to the adjustment factor. 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, the selection of a successor index, calculation of the index closing value of the RTY Index or the closing price of the EFA Shares, as applicable, in the event of a market disruption event, or discontinuance of the RTY Index or the EAFE Index or any adjustment to the adjustment factor. These potentially subjective determinations may affect the payout to you at maturity, if any. For further information regarding these types of determinations, see "Additional Information About the Securities—Additional Provisions—Calculation agent," "—Closing price," "—Closing value," "—Market disruption event," "—Postponement of the determination date," "—Discontinuance of the EFA Shares and/or the EAFE Index; alteration of method of calculation," "—Discontinuance of the RTY Index; Alteration of Method of Calculation," "—Alternate exchange calculation in case of an event of default" and "—Antidilution adjustments" below. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

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

Please read the discussion under "Additional Information Tax considerations" in this document concerning the U.S. federal income tax consequences of an investment in the securities. We intend to treat a security for U.S. federal income tax purposes as a unit consisting of (i) a Put Right (as defined below under "Additional Provisions Tax considerations") written by you to us that, if exercised, requires you to pay to us an amount equal to the Deposit (as defined below under "Additional Provisions Tax considerations"), in exchange for a cash amount based on the performance of the worst performing underlier, and (ii) a Deposit with us of a fixed amount of cash to secure your obligation under the Put Right. Alternative U.S. federal income tax treatments of the securities are possible, and if the Internal Revenue Service (the "IRS") were successful in asserting such an alternative tax treatment for the securities the timing and the character of income on the securities might differ significantly from the tax treatment described herein. We do not plan to request a ruling from the IRS regarding the tax treatment of the securities, and the IRS or a court may not agree with the tax treatment described herein.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. While it is not clear whether the securities would be viewed as similar to the prepaid forward contracts described in the notice, it is possible that any Treasury regulations or other guidance issued after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect. The notice focuses on a number of issues, the most relevant of which for holders of the securities are the character and timing of income or loss (including whether the entire coupon on the securities should be required to be included currently as ordinary income) and the degree, if any, to which income realized by non-U.S. investors should be subject to withholding tax.

Non-U.S. Holders should note that we currently do not intend to withhold on any payments made with respect to the securities to Non-U.S. Holders (subject to compliance by such holders with certification necessary to establish an exemption from withholding and to the discussion under "Additional Provisions Tax considerations—FATCA"). **However, in the event of a change of law or any formal or informal guidance by the IRS, the U.S. Treasury Department or Congress, we may decide to withhold on payments made with respect to the securities to Non-U.S. Holders and will not be required to pay any additional amounts with respect to amounts withheld.**

Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the securities, including possible alternative treatments, the issues presented by the IRS notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.