

MORGAN STANLEY
Form 424B2
December 10, 2018

CALCULATION OF REGISTRATION FEE

<i>Title of Each Class of Securities Offered</i>	<i>Maximum Aggregate Amount of Registration</i>	
	<i>Offering Price</i>	<i>Fee</i>
Contingent Income Auto-Callable Securities due 2021	\$1,298,000	\$157.32

December 2018

Pricing Supplement No. 1,307

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

Dated December 6, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 product supplement, index supplement and prospectus, as supplemented or modified by this document. The securities do not guarantee the repayment of any principal and do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon **but only if** the index closing value of **each** of the Russell 2000® Index **and** the S&P 500® Index is **at or above** 75% of its respective initial index value, which we refer to as the respective **coupon threshold level**, on the related observation date. However, if the index closing value of **either** underlying index is **less than its coupon threshold level** on any observation date, we will pay no interest for the related monthly period. In addition, starting one year after the original issue date, the securities will be automatically redeemed if the index closing value of **each** underlying index is **greater than or equal to** its respective **initial index value** on any monthly redemption determination date, for the early redemption payment equal to the sum of the stated principal amount plus the related contingent monthly coupon. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final index value of **each** underlying index **has increased, remained unchanged or decreased by an amount less than or equal to** the buffer amount of 25% from its respective initial index value, investors will receive the stated principal amount and the related contingent monthly coupon. If, however, the final index value of **either** underlying index has decreased by more than the buffer amount of 25% from its respective initial index value, investors will lose 1.3333% of principal for every 1% decline in the final index value of the worst performing underlying index from its initial index value beyond the buffer amount of 25%. Under these circumstances, the payment at maturity will be **less than 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 and also the risk of not receiving any contingent monthly coupons throughout the 3-year term of the securities.** Because all payments on the securities are based on the worst performing of the underlying indices, a decline of more than 25% by either underlying index will result in no contingent coupon payments or a loss of your investment, even if the other underlying index has appreciated or has not declined as much. The securities are for investors who are willing to risk their principal based on the worst performing of two underlying indices and who seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of receiving no monthly coupons over the entire 3-year term, with no possibility of being called out of the securities until after the initial 1-year non-call period. Investors will not participate in any appreciation of either underlying index. 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

Russell 2000® Index (the “RTY Index”) and S&P 500® Index (the “SPX Index”)

Underlying indices:

Aggregate principal amount: \$1,298,000

Stated principal amount: \$1,000 per security

Issue price: \$1,000 per security (see “Commissions and issue price” below)

Pricing date: December 6, 2018

Original issue date: December 11, 2018 (3 business days after the pricing date)

Maturity date: December 9, 2021

A *contingent* coupon will be paid on the securities on each coupon payment date **but only if** the index closing value of **each** underlying index is at or above its respective **coupon threshold level** on the related observation date. If payable, the contingent monthly coupon will be an amount in cash per stated principal amount corresponding to a return of 7.50% *per annum* for each interest payment period for each applicable observation date.

Contingent monthly coupon:

If, on any observation date, the index closing value of either underlying index is less than its respective coupon threshold level, we will pay no coupon for the applicable monthly period. It is possible that either underlying index will remain below its respective coupon threshold level for extended periods of time or even throughout the entire 3-year term of the securities so that you will receive few or no contingent monthly coupons.

If the securities have not been automatically redeemed prior to maturity, the payment at maturity will be determined as follows:

Payment at maturity:

· If the final index value of **each** underlying index is **greater than or equal to 75%** of its respective initial index value, meaning that the final index value of **each** underlying index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount of 25% from its respective initial index value:

the stated principal amount and the contingent monthly coupon with respect to the final observation date

$\$1,000 + [\$1,000 \times (\text{index percent change of the worst performing underlying index} + 25\%) \times \text{downside factor}]$

· If final index value of **either** underlying index is **less than 75%** of its respective initial index value, meaning that the final index value of **either** underlying index has decreased by more than the buffer amount of 25% from its respective initial index value:

Under these circumstances, you will lose some or all of your investment in the securities

Downside factor: 1.3333

Terms continued on the following page

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

Agent:

Estimated value on the pricing date:	\$987.80 per security. See “Investment Summary” beginning on page 4.		
Commissions and issue price:	Price to public	Agent’s commissions⁽¹⁾	Proceeds to us⁽²⁾
Per security	\$1,000	\$1	\$999
Total	\$1,298,000	\$1,298	\$1,296,702

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

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

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 14.

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

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

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

Product Supplement for Auto-Callable Securities dated November 16, 2017 Index Supplement dated November 16, 2017 Prospectus dated November 16, 2017

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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:

The securities are not subject to automatic early redemption until one year after the original issue date. Following this initial 1-year non-call period, if, on any redemption determination date, beginning on December 6, 2019, the index closing value of **each** underlying index is **greater than or equal to** its respective initial index value, the securities will be automatically redeemed for an early redemption payment on the related early redemption date. No further payments will be made on the securities once they have been redeemed.

Early redemption:

The securities will not be redeemed early on any early redemption date if the index closing value of either underlying index is below the respective initial index value for such underlying index on the related redemption determination date.

Early redemption payment: The early redemption payment will be an amount equal to the stated principal amount for each security you hold *plus* the contingent monthly coupon with respect to the related observation date.

Redemption determination dates: Beginning after one year, monthly, as set forth under “Observation Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below, subject to postponement for non-index business days and certain market disruption events.

Early redemption dates: Beginning on December 11, 2019, monthly. See “Observation Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below. If any such day is not a business day, that early redemption payment will be made on the next succeeding business day and no adjustment will be made to any early redemption payment made on that succeeding business day

With respect to the RTY Index: 1,108.059, which is 75% of its initial index value

Coupon threshold level:

With respect to the SPX Index: 2,021.963, which is approximately 75% of its initial index value

Buffer amount: With respect to each underlying index, 25%. As a result of the buffer amount of 25%, the value at or above which each underlying index must close on the final observation date so that investors do not suffer a loss on their initial investment in the securities is as follows:

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- With respect to the RTY Index: 1,108.059, which is 75% of its initial index value

- With respect to the SPX Index: 2,021.963, which is approximately 75% of its initial index value

With respect to the RTY Index: 1,477.412, which is its index closing value on the pricing date

Initial index value:

With respect to the SPX Index: 2,695.95, which is its index closing value 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:

The underlying index with the larger percentage decrease from the respective initial index value to the respective final index value

Index percent change:

With respect to each underlying index: (final index value - initial index value) / initial index value

Coupon payment dates:

Monthly, beginning January 10, 2019, as set forth under “Observation Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below; *provided* that if any such day is not a business day, that coupon payment will be made on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day. The contingent monthly coupon, if any, with respect to the final observation date will be paid on the maturity date

Observation dates:

Monthly, as set forth under “Observation Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below, subject to postponement for non-index business days and certain market disruption events. We also refer to the observation date immediately prior to the scheduled maturity date as the final observation date.

CUSIP / ISIN:

61768DTX3 / US61768DTX39

Listing:

The securities will not be listed on any securities exchange.

Observation Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates

Observation Dates / Redemption Determination Dates	Coupon Payment Dates / Early Redemption Dates
January 7, 2019*	January 10, 2019*
February 6, 2019*	February 11, 2019*
March 6, 2019*	March 11, 2019*
April 8, 2019*	April 11, 2019*
May 6, 2019*	May 9, 2019*
June 6, 2019*	June 11, 2019*
July 8, 2019*	July 11, 2019*
August 6, 2019*	August 9, 2019*
September 6, 2019*	September 11, 2019*
October 7, 2019*	October 10, 2019*
November 6, 2019*	November 12, 2019*
December 6, 2019	December 11, 2019

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January 6, 2020
February 6, 2020
March 6, 2020
April 6, 2020
May 6, 2020
June 8, 2020
July 6, 2020
August 6, 2020
September 8, 2020
October 6, 2020
November 6, 2020
December 7, 2020
January 6, 2021
February 8, 2021
March 8, 2021
April 6, 2021
May 6, 2021
June 7, 2021

January 9, 2020
February 11, 2020
March 11, 2020
April 9, 2020
May 11, 2020
June 11, 2020
July 9, 2020
August 11, 2020
September 11, 2020
October 9, 2020
November 12, 2020
December 10, 2020
January 11, 2021
February 11, 2021
March 11, 2021
April 9, 2021
May 11, 2021
June 10, 2021

December 2018 Page 2

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

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

Principal at Risk Securities

Observation Dates / Redemption Determination Dates	Coupon Payment Dates / Early Redemption Dates
July 6, 2021	July 9, 2021
August 6, 2021	August 11, 2021
September 7, 2021	September 10, 2021
October 6, 2021	October 12, 2021
November 8, 2021	November 12, 2021
December 6, 2021 (final observation date)	December 9, 2021 (maturity date)

* The securities are not subject to automatic early redemption until the twelfth coupon payment date, which is December 11, 2019.

December 2018 Page 3

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 Summary

Contingent Income Auto-Callable Securities

Principal at Risk Securities

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period All Payments on the Securities Based on the Worst Performing of the Russell 2000® Index and the S&P 500® Index (the “securities”) do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon **but only if** the index closing value of **each** underlying index is **at or above** its respective **coupon threshold level** on the related observation date. However, if the index closing value of **either** underlying index is **less than** its respective **coupon threshold level** on any observation date, we will pay no interest for the related monthly period. If the index closing value of **either** underlying index is **less than** its respective **coupon threshold level** on each observation date, you will not receive any contingent monthly coupon for the entire 3-year term of the securities. We refer to these coupons as contingent, because there is no guarantee that you will receive a coupon payment on any coupon payment date. Even if each underlying index were to be at or above its respective coupon threshold level on some monthly observation dates, they may not all close at or above their respective coupon threshold levels on other observation dates, in which case you will not receive some contingent monthly coupon payments. In addition, if the securities have not been automatically called prior to maturity and the final index value of **either underlying index has declined by more than the buffer amount of 25% from its respective initial index value**, investors will lose 1.3333% of principal for every 1% decline in the final index value of the worst performing underlying index from its initial index value beyond the buffer amount of 25%. Under these circumstances, the payment at maturity will be less than 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 and also the risk of not receiving any contingent monthly coupons throughout the entire 3-year term of the securities.**

Maturity: Approximately 3 years

Contingent monthly coupon: A *contingent* monthly coupon will be paid on the securities on each coupon payment date **but only if** the index closing value of **each** underlying index is at or above its respective **coupon threshold level** on the related observation date. If payable, the contingent monthly coupon will be an amount in cash per stated principal amount corresponding to a return of 7.50% *per annum* for each interest payment period for each applicable observation date. **If, on any observation date, the index closing value of either underlying index is less than the respective coupon threshold level, we will pay no coupon for the applicable monthly period.**

Automatic early redemption beginning after one year: If the index closing value of **each** underlying index is **greater than or equal to** its **initial index value** on any monthly redemption determination date, beginning on December 6, 2019 (approximately one year after the original issue date), the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount *plus* the contingent monthly coupon with respect to the related observation date. No further payments will be made on the securities once they have been redeemed.

If the securities have not been automatically redeemed prior to maturity, the payment at maturity will be determined as follows:

Payment at maturity: If the final index value of **each** underlying index has **increased, remained unchanged or decreased by an amount less than or equal to** the buffer amount of 25% from its respective initial index value, investors will receive the stated principal amount and the contingent monthly coupon with respect to the final observation date.

If the final index value of **either** underlying index has **decreased by more than the buffer amount of 25%** from its respective initial index value, investors will lose 1.3333% of principal for every 1% decline in the final index value of the worst performing underlying index from its initial index value beyond the buffer amount of 25%. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities and could be zero. No monthly coupon will be

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

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

Principal at Risk Securities

payable at maturity. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.**

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 \$987.80.

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 monthly coupon rate, the coupon threshold levels, 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 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 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 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.

December 2018 Page 5

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon **but only if** the index closing value of **each** underlying index is **at or above** its respective **coupon threshold level** on the related observation date. However, if the index closing value of **either** underlying index is **less than** its respective **coupon threshold level** on any observation date, we will pay no interest for the related monthly period. The securities have been designed for investors who are willing to forgo market floating interest rates and accept the risk of receiving no coupon payments for the entire 3-year term of the securities in exchange for an opportunity to earn interest at a potentially above-market rate if each underlying index closes at or above its respective coupon threshold level on the monthly observation dates until the securities are redeemed early or reach maturity.

The following scenarios are for illustrative purposes only to demonstrate how the coupon and the payment at maturity (if the securities have not previously been redeemed) are calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the securities may or may not be redeemed, the contingent monthly coupon may be payable in none of, or some but not all of, the monthly periods during the 3-year term of the securities and the payment at maturity may be less than the stated principal amount of the securities and may be zero.

Scenario 1: The securities are redeemed prior to maturity

This scenario assumes that, prior to early redemption, each underlying index closes at or above its **coupon threshold level** on some monthly observation dates, but one or both underlying indices close below the respective coupon threshold level(s) on the others. Investors receive the contingent monthly coupon, corresponding to a return of 7.50% *per annum*, for the monthly periods for which each index closing value is at or above the respective coupon threshold level on the related observation date, but not for the monthly periods for which any index closing value is below the respective coupon threshold level on the related observation date.

Starting after one year, when **each** underlying index closes at or above its respective **initial index value** on a monthly redemption determination date, the securities will be automatically redeemed for the stated principal amount *plus* the contingent monthly coupon with respect to the related observation date.

This scenario assumes that each underlying index closes at or above the respective coupon threshold level on some monthly observation dates, but one or both underlying indices close below the respective coupon threshold level(s) on the others, and each underlying index closes below its respective initial index value on every monthly redemption determination date. Consequently, the securities are not automatically redeemed, and investors receive the contingent monthly coupon, corresponding to a return of *7.50% per annum*, for the monthly periods for which each index closing value is at or above the respective coupon threshold level on the related observation date, but not for the monthly periods for which any index closing value is below the respective coupon threshold level on the related observation date.

Scenario 2: The securities are not redeemed prior to maturity, and investors receive principal back at maturity

On the final observation date, the final index value of each underlying index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount of *25%* from its respective initial index value. At maturity, investors will receive the stated principal amount and the contingent monthly coupon with respect to the final observation date.

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

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

Principal at Risk Securities

Scenario 3: The securities are not redeemed prior to maturity, and investors suffer a loss of principal at maturity

This scenario assumes that each underlying index closes at or above its respective coupon threshold level on some monthly observation dates, but one or both underlying indices close below the respective coupon threshold level(s) on the others, and each underlying index closes below its respective initial index value on every monthly redemption determination date. Consequently, the securities are not automatically redeemed, and investors receive the contingent monthly coupon, corresponding to a return of 7.50% *per annum*, for the monthly periods for which each index closing value is at or above the respective coupon threshold level on the related observation date, but not for the monthly periods for which any index closing value is below the respective coupon threshold level on the related observation date.

At maturity, one or both underlying indices have decreased by more than the buffer amount of 25% from the respective initial index value(s). Therefore, investors do not receive the contingent monthly coupon for the final monthly period and lose 1.3333% of principal for every 1% decline in the final index value of the worst performing underlying index from its initial index value beyond the buffer amount of 25%. The payment at maturity will be less than the stated principal amount and could be zero. No coupon will be paid at maturity in this scenario.

December 2018 Page 7

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 the Securities Work

The following diagrams illustrate the potential outcomes for the securities depending on (1) the index closing values on each monthly observation date, (2) the index closing values on each monthly redemption determination date (starting after one year) and (3) the final index values. Please see “Hypothetical Examples” beginning on page 10 for illustration of hypothetical payouts on the securities.

Diagram #1: Contingent Monthly Coupons (Beginning on the First Coupon Payment Date until Early Redemption or Maturity)

Diagram #2: Automatic Early Redemption (Starting after one year)

December 2018 Page 8

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

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

Principal at Risk Securities

Diagram #3: Payment at Maturity if No Automatic Early Redemption Occurs

For more information about the payout upon an early redemption or at maturity in different hypothetical scenarios, see “Hypothetical Examples” starting on page 10.

December 2018 Page 9

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 monthly coupon is paid with respect to an observation date and how to calculate the payment at maturity, if any, if the securities have not been automatically redeemed early. The following examples are for illustrative purposes only. Whether you receive a contingent monthly coupon will be determined by reference to the index closing value of each underlying index on each monthly 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 and coupon 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 numbers in the hypothetical examples below may have been rounded for the ease of analysis. The below examples are based on the following terms:

Contingent Monthly Coupon:	A <i>contingent</i> monthly coupon will be paid on the securities on each coupon payment date but only if the index closing value of each underlying index is at or above its respective coupon threshold level on the related observation date. If payable, the contingent monthly coupon will be an amount in cash per stated principal amount corresponding to a return of 7.50% <i>per annum</i> for each interest payment period for each applicable observation date. These hypothetical examples reflect the contingent monthly coupon rate of 7.50% <i>per annum</i> (corresponding to approximately \$6.25 per month per security*).
Automatic Early Redemption (starting after one year):	If the index closing value of each underlying index is greater than or equal to its respective initial index value on any monthly redemption determination date, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount plus the contingent monthly coupon with respect to the related observation date.
Payment at Maturity (if the securities have not been automatically redeemed early):	If the final index value of each underlying index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount of 25% from its respective initial index value, investors will receive the stated principal amount and the contingent monthly coupon with respect to the final observation date.

If the final index value of **either** underlying index has **decreased by more than the buffer amount of 25%** from its respective initial index value: $\$1,000 + [\$1,000 \times (\text{index percent change of the worst performing underlying index} + 25\%) \times \text{downside factor}]$. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities and could be zero.

Stated Principal Amount:

\$1,000

With respect to the RTY Index: 1,200

Hypothetical Initial Index Value:

With respect to the SPX Index: 2,500

With respect to the RTY Index: 900, which is 75% of the hypothetical initial index value for such index

Hypothetical Coupon Threshold Level:

With respect to the SPX Index: 1,875, which is 75% of the hypothetical initial index value for such index

Buffer Amount:

With respect to each underlying index, 25%

Downside Factor:

1.3333

* The actual contingent 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. The hypothetical contingent monthly coupon of \$6.25 is used in these examples for ease of analysis.

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 monthly coupon is payable with respect to an observation date:

	Index Closing Value		Contingent Monthly Coupon
	RTY Index	SPX Index	
Hypothetical Observation Date 1	2,000 (at or above the coupon threshold level)	2,800 (at or above the coupon threshold level)	\$6.25
Hypothetical Observation Date 2	2,200 (at or above the coupon threshold level)	1,750 (below the coupon threshold level)	\$0
Hypothetical Observation Date 3	800 (below the coupon threshold level)	2,100 (at or above the coupon threshold level)	\$0
Hypothetical Observation Date 4	700 (below the coupon threshold level)	800 (below the coupon threshold level)	\$0

On hypothetical observation date 1, each underlying index closes at or above its respective coupon threshold level. Therefore, a contingent monthly coupon of \$6.25 is paid on the relevant coupon payment date.

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

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

If the index closing value of either underlying index is less than its respective coupon threshold level on each observation date, you will not receive any contingent monthly coupons for the entire 3-year term of the securities.

December 2018 Page 11

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

All 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 calculate the payment at maturity (if the securities have not been automatically redeemed):

Starting after one year, if the index closing value of each underlying index is greater than or equal to its initial index value on any monthly redemption determination date, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount for each security you hold *plus* the contingent monthly coupon with respect to the related observation date.

The examples below illustrate how to calculate the payment at maturity if the securities have not been automatically redeemed prior to maturity.

	Final Index Value		Index Percent Change	Payment at Maturity
	RTY Index	SPX Index	RTY Index SPX Index	
				= \$1,000 + (index percent change of the worst performing underlying index + 25%) x downside factor
Example 1:	540 (the RTY Index has decreased by an amount greater than the buffer amount)	3,000 (the SPX Index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	(final index value – initial index value) / initial index value = (540 – 1,200) / 1,200 = -55%	(final index value – initial index value) / initial index value = (3,000 – 2,500) / 2,500 = 20%
				= \$1,000 + [\$1,000 x (-55% + 25%) x 1.3333]
				= \$1,000 + (\$1,000 x -30%) x 1.3333 = \$600

Example 2:	1,440 (the RTY Index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	375 (the SPX Index has decreased by an amount greater than the buffer amount)	(1,440 – 1,200) / 1,200 = 20%	(375 – 2,500) / 2,500 = -85%	= \$1,000 + [\$1,000 x (-85% + 25%) x 1.3333]
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$$= \$1,000 + (\$1,000 \times -60\%) \times 1.3333 = \$200$$

The stated principal amount + the contingent monthly coupon with respect to the final observation date.

Example 3:	1,020 (at or above the coupon threshold level; the RTY Index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	2,250 (at or above the coupon threshold level; the SPX Index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	(1,020 – 1,200) / 1,200 = -15%	(2,250 – 2,500) / 2,500 = -10%
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For more information, please see above under “How to determine whether a contingent monthly coupon is payable with respect to an observation date.”

In examples 1 and 2, the final index value of one of the underlying indices has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount of 25% from its respective initial index value, but the final index value of the other underlying index has decreased by an amount greater than the buffer amount of 25% from its respective initial index value. Therefore, investors are exposed to the downside performance of the worst performing underlying index at maturity, and investors lose 1.3333% of the principal amount for every 1% decline in the final index value of the worst performing underlying index from its

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Principal at Risk Securities

initial index value beyond the buffer amount of 25%. Moreover, investors do not receive any contingent monthly coupon for the final monthly period.

In example 3, the final index value of each underlying index is at or above its respective coupon threshold level, and each underlying index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount of 25% from its respective initial index value. Therefore, investors receive at maturity the stated principal amount of the securities *plus* the contingent monthly coupon with respect to the final observation date.

If the final index value of EITHER underlying index has decreased by more than the buffer amount of 25% from its respective initial index value, you will be exposed, on a leveraged basis, to the downside performance of the worst performing underlying index beyond the buffer amount, and your payment at maturity will be less than the stated principal amount and could be zero.

December 2018 Page 13

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due December 9, 2021, with 1-Year Initial Non-Call Period

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Principal at Risk Securities

Risk Factors

The following is a list of certain key risk factors for investors in the securities. For further discussion of these and other risks, you should read the section entitled “Risk Factors” in the accompanying product supplement, index supplement and prospectus. 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 any principal. If the securities have not been automatically redeemed prior to maturity, and if the final index value of **either** underlying index has decreased by § more than the buffer amount of 25% from its respective initial index value, you will lose 1.3333% of your principal for every 1% decline in the final index value of the worst performing underlying index from its initial index value beyond the buffer amount of 25%. Under this scenario, the value of the payment at maturity will be less than the stated principal amount and could be zero. **You could lose your entire investment in the securities.**

The securities do not provide for the regular payment of interest. The terms of the securities differ from those of ordinary debt securities in that they do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon **but only if** the index closing value of **each** underlying index is **at or above** its respective **coupon threshold level** on the related observation date. If the index closing value of **either** underlying index is lower than its **coupon threshold level** on the relevant observation date for any interest period, we will pay § no coupon on the applicable coupon payment date. It is possible that the index closing value of either underlying index will be less than its respective **coupon threshold level** for extended periods of time or even throughout the entire term of the securities so that you will receive few or no contingent monthly coupons. If you do not earn sufficient contingent monthly 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.