MORGAN STANLEY
Form 424B2
March 20, 2019

***CALCULATION OF REGISTRATION FEE***

| *Title of Each Class of Securities Offered* | *Maximum Aggregate Offering Price* | *Amount of Registration Fee* |
|---|---|---|
| Trigger Performance Leveraged Upside Securities due 2024 | $19,961,000 | $2,419.27 |

March 2019

Pricing Supplement No. 1,742

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

Dated March 18, 2019

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

**Trigger Performance Leveraged Upside Securities℠**

**Fully and Unconditionally Guaranteed by Morgan Stanley**

**Principal at Risk Securities**

The Trigger PLUS are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The Trigger PLUS will pay no interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying product supplement for PLUS, index supplement and prospectus, as supplemented or modified by this document. At maturity, if the basket has **appreciated** in value, investors will receive the stated principal amount of their investment plus leveraged upside performance of the basket, subject to the maximum payment at maturity. If the basket has **remained unchanged or depreciated** in value but the final basket value is greater than or equal to the trigger level, investors will receive the stated principal amount of their investment. However, if the basket has **depreciated** in value so that the final basket value is less than the trigger level, investors will lose a significant portion or all of their investment, resulting in a 1% loss for every 1% decline in the basket value over the term of the Trigger PLUS. Under these circumstances, the payment at maturity will be less than 60% of the principal amount and could be zero. Accordingly, you may lose your entire investment. These long-dated Trigger PLUS are for investors who seek an equity-based return and who are willing to risk their principal and forgo current income and upside above the maximum payment at maturity in exchange for the upside leverage feature that applies for a limited range of upside performance of the basket and the limited protection against loss that applies only if the final basket value is greater than or equal to the trigger level. I**nvestors may lose their entire initial investment in the Trigger PLUS**. The Trigger PLUS are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

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

FINAL TERMS

| | |
|---|---|
| Issuer: | Morgan Stanley Finance LLC |
| Guarantor: | Morgan Stanley |
| Maturity date: | March 21, 2024 |
| Original issue price: | $1,000 per Trigger PLUS |
| Stated principal amount: | $1,000 per Trigger PLUS |
| Pricing date: | March 18, 2019 |
| Original issue date: | March 21, 2019 (3 business days after the pricing date) |
| Aggregate principal amount: | $19,961,000 |
| Interest: | None |

Basket:

| Basket component | Bloomberg ticker symbol | Basket component weighting | Initial basket component value | Multiplier |
|---|---|---|---|---|
| Russell 2000® Index (the "RTY Index") | RTY | 50% | 1,563.932 | 0.031970699 |
| S&P 500® Index (the "SPX Index") | SPX | 50% | 2,832.94 | 0.017649509 |

*We refer to each of the RTY Index and the SPX Index as an underlying index and, together, as the underlying indices.*

Payment at maturity (per Trigger PLUS):

· If the final basket value is greater than the initial basket value: $1,000 + the leveraged upside payment

| | |
|---|---|
| | *In no event will the payment at maturity exceed the maximum payment at maturity.* |
| | · If the final basket value is less than or equal to the initial basket value but is greater than or equal to the trigger level: $1,000<br>· If the final basket value is less than the trigger level: $1,000 × the basket performance factor |
| | *Under these circumstances, the payment at maturity will be less than the stated principal amount of $1,000 and will represent a loss of more than 40%, and possibly all, of your investment.* |
| Leveraged upside payment: | $1,000 × leverage factor × basket percent increase |
| Leverage factor: | 150% |
| Basket percent increase: | (final basket value – initial basket value) / initial basket value |
| Basket performance factor: | final basket value / initial basket value |
| Maximum payment at maturity: | $1,926 per Trigger PLUS (192.60% of the stated principal amount) |
| Trigger level: | 60, which is 60% of the initial basket value |
| Initial basket value: | 100, which is equal to the sum of the products of the initial basket component value of each basket component, as set forth under "Basket—Initial basket component value" above, and the applicable multiplier for such basket component, each of which was determined on the pricing date. |
| Final basket value: | The basket closing value on the valuation date. |
| Valuation date: | March 18, 2024, subject to postponement for non-index business days and certain market disruption events. |
| Basket closing value: | The basket closing value on any day is the sum of the products of the basket component closing value of each basket component and the applicable multiplier for such basket component on such date. |
| Basket component closing value: | In the case of each underlying index, the index closing value as published by the index publisher. |
| Multiplier: | The multiplier was set on the pricing date based on each basket component's respective initial basket component value so that each basket component represents its applicable basket component weighting in the predetermined initial basket value. Each multiplier will remain constant for the term of the Trigger PLUS. See "Basket—Multiplier" above. |
| Listing: | The Trigger PLUS will not be listed on any securities exchange. |
| CUSIP / ISIN: | 61768D3K9 / US61768D3K97 |

| | | | | |
|---|---|---|---|---|
| Agent: | Morgan Stanley & Co. LLC ("MS & Co."), an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See "Supplemental information concerning plan of distribution; conflicts of interest." | | | |
| Estimated value on the pricing date: | $987.30 per Trigger PLUS. See "Investment Summary" beginning on page 2. | | | |
| Commissions and issue price: | Price to public | Agent's commissions[1] | Proceeds to us[2] | |
| **Per Trigger PLUS** | $1,000 | $4 | $996 | |
| **Total** | $19,961,000 | $79,844 | $19,881,156 | |

(1) *Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $4 for each Trigger PLUS they sell. See "Supplemental information regarding plan of distribution; conflicts of interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying product supplement for PLUS.*

(2) *See "Use of proceeds and hedging" on page 15.*

**The Trigger PLUS involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 5.**

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

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

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

**Product Supplement for PLUS dated November 16, 2017 Index Supplement dated November 16, 2017 Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

Trigger Performance Leveraged Upside Securities℠

Principal at Risk Securities

Investment Summary

Trigger Performance Leveraged Upside Securities

Principal at Risk Securities

The Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024 (the "Trigger PLUS") can be used:

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

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

§ To provide limited protection against a loss of principal in the event of a decline in the value of the basket as of the valuation date, but only if the final basket value is greater than or equal to the trigger level

| | |
|---|---|
| Maturity: | 5 years |
| Leverage factor: | 150% |

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|---|---|
| Maximum payment at maturity: | $1,926 per Trigger PLUS (192.60% of the stated principal amount) |
| Trigger level: | 60% of the initial basket value |
| Minimum payment at maturity: | None. Investors may lose their entire initial investment in the Trigger PLUS. |
| Basket component weightings: | 50% for the RTY Index and 50% for the SPX Index |
| Interest: | None |

The original issue price of each Trigger PLUS is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the Trigger PLUS, which are borne by you, and, consequently, the estimated value of the Trigger PLUS on the pricing date is less than $1,000. We estimate that the value of each Trigger PLUS on the pricing date is $987.30.

*What goes into the estimated value on the pricing date?*

In valuing the Trigger PLUS on the pricing date, we take into account that the Trigger PLUS comprise both a debt component and a performance-based component linked to the basket components. The estimated value of the Trigger PLUS is determined using our own pricing and valuation models, market inputs and assumptions relating to the basket components, instruments based on the basket components, 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 Trigger PLUS?*

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

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

The price at which MS & Co. purchases the Trigger PLUS in the secondary market, absent changes in market conditions, including those related to the basket components, 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 Trigger PLUS are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the Trigger PLUS in the secondary market, absent changes in market conditions, including those related to the basket components, 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 Trigger PLUS and, if it once chooses to make a market, may cease doing so at any time.

Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

Trigger Performance Leveraged Upside Securities℠

Principal at Risk Securities

Key Investment Rationale

The Trigger PLUS offer leveraged exposure to a certain range of positive performance of the basket, subject to the maximum payment at maturity. In exchange for the leverage feature, investors are exposed to the risk of loss of a significant portion or all of their investment due to the trigger feature. At maturity, an investor will receive an amount in cash based upon the value of the basket on the valuation date, subject to the maximum payment at maturity. The Trigger PLUS are unsecured obligations of ours, and all payments on the Trigger PLUS are subject to our credit risk. **Investors may lose their entire initial investment in the Trigger PLUS.**

| | |
|---|---|
| Leveraged Performance | The Trigger PLUS offer investors an opportunity to capture enhanced returns for a certain range of positive performance relative to a direct investment in the basket. |
| Trigger Feature | At maturity, even if the basket has declined in value over the term of the Trigger PLUS, you will receive your stated principal amount, but only if the final basket value is greater than or equal to the trigger level. |
| Upside Scenario | The basket increases in value, and, at maturity, the Trigger PLUS redeem for the stated principal amount of $1,000 plus 150% of the basket percent increase, subject to the maximum payment at maturity of $1,926 per Trigger PLUS (192.60% of the stated principal amount).<br>For example, if the final basket value is 10% greater than the initial basket value, the Trigger PLUS will provide a total return of 15% at maturity. |
| Par Scenario | The final basket value is less than or equal to the initial basket value but is greater than or equal to the trigger level. In this case, you receive the stated principal amount of $1,000 at maturity even though the basket has declined in value. |

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| Downside Scenario | The final basket value is less than the trigger level. In this case, the Trigger PLUS redeem for at least 40% less than the stated principal amount, and this decrease will be by an amount proportionate to the decline in the value of the basket over the term of the Trigger PLUS. Under these circumstances, the payment at maturity will be less than 60% of the stated principal amount and could be zero. There is no minimum payment at maturity on the Trigger PLUS, and you could lose your entire investment. |

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Principal at Risk Securities

How the Trigger PLUS Work

Payoff Diagram

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

| | |
|---|---|
| Stated principal amount: | $1,000 per Trigger PLUS |
| Leverage factor: | 150% |
| Maximum payment at maturity: | $1,926 per Trigger PLUS (192.60% of the stated principal amount) |
| Trigger level: | 60% of the initial basket value |

Trigger PLUS Payoff Diagram

How it works

§ **Upside Scenario.** If the final basket value is greater than the initial basket value, investors will receive the $1,000 stated principal amount plus 150% of the appreciation of the basket over the term of the Trigger PLUS, subject to the maximum payment at maturity. Under the terms of the Trigger PLUS, an investor will realize the maximum payment at maturity of $1,926 per Trigger PLUS (192.60% of the stated principal amount) at a final basket value of approximately 161.733% of the initial basket value.

§ If the basket appreciates 10%, investors would receive a 15% return, or $1,150 per Trigger PLUS.

- If the basket appreciates 100%, the investor would receive only the maximum payment at maturity of $1,926 per Trigger PLUS, or 192.60% of the stated principal amount.

- **Par Scenario.** If the final basket value is less than or equal to the initial basket value but is greater than or equal to the trigger level, investors will receive the $1,000 stated principal amount.

  - If the basket depreciates 5%, investors will receive the $1,000 stated principal amount.

- **Downside Scenario.** If the final basket value is less than the trigger level, investors will receive an amount that is significantly less than the $1,000 stated principal amount, based on a 1% loss of principal for each 1% decline in the basket value.

- If the basket depreciates 60%, investors will lose 60% of their principal and receive only $400 per Trigger PLUS at maturity, or 40% of the stated principal amount.

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Principal at Risk Securities

Risk Factors

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

§ **The Trigger PLUS do not pay interest or guarantee return of any principal.** The terms of the Trigger PLUS differ from those of ordinary debt securities in that the Trigger PLUS do not pay interest or guarantee the payment of any of the principal amount at maturity. If the final basket value is less than the trigger level (which is 60% of the initial basket value), the payment at maturity will be an amount in cash that is at least 40% less than the $1,000 stated principal amount of each Trigger PLUS, and this decrease will be by an amount proportionate to the full amount of the decline in the value of the basket over the term of the Trigger PLUS, without any buffer. There is no minimum payment at maturity on the Trigger PLUS, and you could lose your entire investment.

§ **The appreciation potential of the Trigger PLUS is limited by the maximum payment at maturity.** The appreciation potential of the Trigger PLUS is limited by the maximum payment at maturity of $1,926 per Trigger PLUS, or 192.60% of the stated principal amount. Although the leverage factor provides 150% exposure to any increase in the final basket value over the initial basket value, because the payment at maturity will be limited to 192.60% of the stated principal amount for the Trigger PLUS, any increase in the final basket value over the initial basket value by more than approximately 61.733% of the initial basket value will not further increase the return on the Trigger PLUS.

§ **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 Trigger PLUS in the secondary market and the price at which MS & Co. may be willing to purchase or sell the Trigger PLUS in the secondary market, including: the value, volatility (frequency and magnitude of changes in value) and dividend yield of the basket components, interest and yield rates, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events that affect the basket components or equities markets generally and which may affect the final basket value, and any actual or anticipated changes to our credit ratings or credit spreads. Generally, the longer the time remaining to maturity, the more the market price of the Trigger PLUS will be affected by the other factors described above. The values of the basket components may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See "Basket Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per Trigger PLUS if you try to sell your Trigger PLUS prior to maturity.

§ **The Trigger PLUS are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the Trigger PLUS.** You are dependent on our ability to pay all amounts due on the Trigger PLUS at maturity and therefore you are subject to our credit risk. The Trigger PLUS are not guaranteed by any other entity. If we default on our obligations under the Trigger PLUS, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the Trigger PLUS prior to maturity will be affected by changes in the market's view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the Trigger PLUS.

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

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

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§ **Changes in the value of the basket components may offset each other.** Value movements in the basket components may not correlate with each other. At a time when one basket component increases in value, the value of the other basket component may not increase as much, or may even decline. Therefore, in calculating the basket components' performance on the valuation date, an increase in the value of one basket component may be moderated, or wholly offset, by a lesser increase or a decline in the value of the other basket component.

§ **The Trigger PLUS are linked to the Russell 2000® Index and are subject to risks associated with small-capitalization companies.** 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.

§ **Investing in the Trigger PLUS is not equivalent to investing in the basket components.** Investing in the Trigger PLUS is not equivalent to investing directly in the basket components or any of the component stocks of the basket components. As an investor in the Trigger PLUS, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the basket components or any of the component stocks of the basket components.

§ **Adjustments to the underlying indices could adversely affect the value of the Trigger PLUS.** The publisher of each underlying index can add, delete or substitute the stocks constituting such index, and can make other methodological changes that could change the value of such underlying index. In addition, an index publisher may discontinue or suspend calculation or publication of the relevant underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index for such index that is comparable to the discontinued index and is not precluded from considering indices that are calculated and published by the calculation agent or any of its affiliates. If MS & Co. determines that there is no appropriate successor index for such index, the payment at maturity on the Trigger PLUS will be an amount based on the closing prices on the valuation date of the securities constituting such underlying index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating such underlying index last in effect prior to discontinuance of such index.

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

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

However, because the costs associated with issuing, selling, structuring and hedging the Trigger PLUS are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the Trigger PLUS in the secondary market, absent changes in market conditions, including those related to the basket, 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 Trigger PLUS is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price.** These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the Trigger PLUS than those generated by

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others, including other dealers in the market, if they attempted to value the Trigger PLUS. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your Trigger PLUS in the secondary market (if any exists) at any time. The value of your Trigger PLUS at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also "The market price will be influenced by many unpredictable factors" above.

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

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the Trigger PLUS.** As calculation agent, MS & Co. has determined the initial basket component values and the multipliers, will determine the final basket value, including whether the basket has decreased in value to below the trigger level, and will calculate the basket percent increase or the basket performance factor, as applicable, and the amount of cash, if any, you will receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the basket component closing value in the event of a discontinuance of the relevant basket component. These potentially subjective determinations may adversely affect the payout to you at maturity, if any. For further information regarding these types of determinations, see "Description of PLUS—General

Terms of PLUS" —Postponement of Valuation Date(s)," —Alternate Exchange Calculation in case of an Event of Default," —Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation" and "—Calculation Agent and Calculations" in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the Trigger PLUS on the pricing date.

§ **Hedging and trading activity by our affiliates could potentially adversely affect the value of the Trigger PLUS.** One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the Trigger PLUS (and to other instruments linked to the underlying indices or component stocks of the underlying indices), including trading in the stocks that constitute the underlying indices as well as in other instruments related to the basket components. As a result, these entities may be unwinding or adjusting hedge positions during the term of the Trigger PLUS, and the hedging strategy may involve greater and more frequent adjustments to the hedge as the valuation date approaches. Some of our affiliates also trade the stocks that constitute the underlying indices and other financial instruments related to the underlying indices on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could have increased the initial basket component values, and, therefore, could have increased the values at or above which the basket components must close on the valuation date so that investors do not suffer a significant loss on their initial investment in the Trigger PLUS. Additionally, such hedging or trading activities during the term of the Trigger PLUS, including on the valuation date, could potentially affect whether the basket closing value on the valuation date is below the trigger level, and, therefore, whether an investor would receive significantly less than the stated principal amount of the Trigger PLUS at maturity.

§ **The U.S. federal income tax consequences of an investment in the Trigger PLUS are uncertain.** Please read the discussion under "Additional Information—Tax considerations" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement for PLUS (together, the "Tax Disclosure Sections") concerning the U.S. federal income tax consequences of an investment in the Trigger PLUS. If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment, the timing and character of income on the Trigger PLUS might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the Trigger PLUS as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the Trigger PLUS every year at a "comparable yield" determined at the time of issuance and recognize all income and gain in respect of the Trigger PLUS as ordinary income. Additionally, as discussed under "United States Federal Taxation—FATCA" in the accompanying product supplement for PLUS, the withholding rules commonly referred to as "FATCA" would apply to the Trigger PLUS if they were recharacterized as debt instruments. However, recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization) eliminate the withholding requirement on payments of gross proceeds of a taxable disposition. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the Trigger PLUS, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding the tax treatment of the Trigger PLUS, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

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

Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

Trigger Performance Leveraged Upside Securities℠

Principal at Risk Securities

Basket Overview

The basket consists of the Russell 2000® Index (the "RTY Index") and the S&P 500® Index (the "SPX Index") and offers exposure to price movements in U.S. equity markets.

**Russell 2000® Index**

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

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

**S&P 500® Index**

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

Standard & Poor’s®,” “S&P®,” “S&P 500®,” “Standard & Poor’s 500” and “500” are trademarks of Standard and Poor’s Financial Services LLC. See “S&P 500® Index” in the accompanying index supplement.

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Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

Trigger Performance Leveraged Upside Securities℠

Principal at Risk Securities

Information as of market close on March 18, 2019:

Basket Component Information as of March 18, 2019

| Basket Component | Bloomberg Ticker Symbol | Current Basket Component Level | 52 Weeks Ago | 52 Week High | 52 Week Low |
|---|---|---|---|---|---|
| RTY Index | RTY | 1,563.932 | 1,570.562 | (on 8/31/2018): 1,740.753 | (on 12/24/2018): 1,266.925 |
| SPX Index | SPX | 2,832.94 | 2,712.92 | (on 9/20/2018): 2,930.75 | (on 12/24/2018): 2,351.10 |

The following graph is calculated as if the basket had an initial value of 100 on January 1, 2014 (assuming that each basket component is weighted as described in "Basket" on the cover page) and illustrates the effect of the offset and/or correlation among the basket components during such period. The graph does not take into account the leverage factor or the trigger level, nor does it attempt to show your expected return on an investment in the Trigger PLUS. The historical performance of the basket should not be taken as an indication of its future performance.

Basket Historical Performance

January 1, 2014 to March 18, 2019

The following graphs set forth the daily closing values of each of the basket components for the period from January 1, 2014 through March 18, 2019. The related tables set forth the published high and low closing values as well as end-of-quarter closing values for each of the basket components for each quarter in the same period. The closing values for each of the basket components on March 18, 2019 were: (i) in the case of the RTY Index, 1,563.932, and (ii) in the case of the SPX Index, 2,832.94. We obtained the information in the tables and graphs below from Bloomberg Financial Markets, without independent verification. The historical values of the basket components should not be taken as an indication of their future performance, and no assurance can be given as to the basket closing value on the valuation date.

Morgan Stanley Finance LLC

Trigger PLUS Based on the Value of an Equally Weighted Basket Composed of the Russell 2000® Index and the S&P 500® Index due March 21, 2024

Trigger Performance Leveraged Upside Securities℠

Principal at Risk Securities

Russell 2000® Index
January 1, 2014 to March 18, 2019

| Russell 2000® Index | High | Low | Period End |
|---|---|---|---|
| 2014 | | | |
| First Quarter | 1,208.651 | 1,093.594 | 1,173.038 |
| Second Quarter | 1,192.964 | 1,095.986 | 1,192.964 |
| Third Quarter | 1,208.150 | 1,101.676 | 1,101.676 |
| Fourth Quarter | 1,219.109 | 1,049.303 | 1,204.696 |
| 2015 | | | |
| First Quarter | 1,266.373 | 1,154.709 | 1,252.772 |
| Second Quarter | 1,295.799 | 1,215.417 | 1,253.947 |
| Third Quarter | 1,273.328 | 1,083.907 | 1,100.688 |
| Fourth Quarter | 1,204.159 | 1,097.552 | 1,135.889 |
| 2016 | | | |
| First Quarter | 1,114.028 | 953.715 | 1,114.028 |
| Second Quarter | 1,188.954 | 1,089.646 | 1,151.923 |
| Third Quarter | 1,263.438 | 1,139.453 | 1,251.646 |
| Fourth Quarter | 1,388.073 | 1,156.885 | 1,357.130 |
| 2017 | | | |
| First Quarter | 1,413.635 | 1,345.598 | 1,385.920 |
| Second Quarter | 1,425.985 | 1,345.244 | 1,415.359 |
| Third Quarter | 1,490.861 | 1,356.905 | 1,490.861 |
| Fourth Quarter | 1,548.926 | 1,464.095 | 1,535.511 |
| 2018 | | | |
| First Quarter | 1,610.706 | 1,463.793 | 1,529.427 |
| Second Quarter | 1,706.985 | 1,492.531 | 1,643.069 |
| Third Quarter | 1,740.753 | 1,653.132 | 1,696.571 |
| Fourth Quarter | 1,672.992 | 1,266.925 | 1,348.559 |
| 2019 | | | |
| First Quarter (through March 18, 2019) | 1,590.062 | 1,330.831 | 1,563.932 |

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Trigger PLUS Based on the Value of an Equally Weighted Basket Com