

MORGAN STANLEY
Form 424B2
January 30, 2019

CALCULATION OF REGISTRATION FEE

<i>Title of Each Class of Securities Offered</i>	<i>Maximum Aggregate Offering Price</i>	<i>Amount of Registration Fee</i>
Contingent Income Buffered Auto-Callable Securities due 2021	\$2,441,000	\$295.85

January 2019

Pricing Supplement No. 1,408

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

Dated January 28, 2019

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 February 2, 2021, with 6-Month 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 provide for the regular payment of interest and provide a minimum payment at maturity of only 15% of the stated principal amount. 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** 85% 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 six months 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 15% 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 15% from its respective initial index value, investors will lose 1% 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 15%. Under these circumstances, the payment at maturity will be **less than the** stated principal amount of the securities. **Accordingly, investors in the securities must be willing to accept the risk of losing up to 85% of their initial investment and also the risk of not receiving any contingent monthly coupons throughout the 2-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 15% 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 2-year term, with no possibility of being called out of the securities until after the initial 6-month 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

Underlying indices: Russell 2000® Index (the "RTY Index") and S&P 500 Index (the "SPX Index")

Aggregate principal amount: \$2,441,000

Stated principal amount: \$1,000 per security

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

Pricing date: January 28, 2019

Original issue date: January 31, 2019 (3 business days after the pricing date)

Maturity date: February 2, 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 6.75% *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 2-year term of the securities so that you will receive few or no contingent monthly coupons.**

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

- If the final index value of **each** underlying index is **greater than or equal to 85%** 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 15% from its respective initial index value:

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

$\$1,000 + [\$1,000 \times (\text{index percent change of the worst performing underlying index} + 15\%)]$

- If final index value of **either** underlying index is **less than 85%** 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 15% from its respective initial index value:

Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000. However, under no circumstances will the securities pay less than the minimum payment at maturity of \$150 per security.

Minimum payment at maturity: \$150 per security (15% of the stated principal amount)

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:

\$976.70 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 \$27.50 \$972.50

Total

\$2,441,000 \$67,127.50 \$2,373,872.50

(1) Selected dealers and their financial advisors will collectively receive from the agent, Morgan Stanley & Co. LLC, a fixed sales commission of \$27.50 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 29.

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 13.

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

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Principal at Risk Securities

Terms continued from previous page:

Early redemption: The securities are not subject to automatic early redemption until six months after the original issue date. Following this initial 6-month non-call period, if, on any redemption determination date, beginning on July 29, 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.

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 six months, 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 August 1, 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: 1,252.506, which is approximately 85% of its initial index value

Coupon threshold level: With respect to the SPX Index: 2,247.273, which is approximately 85% of its initial index value. With respect to each underlying index, 15%. As a result of the buffer amount of 15%, 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:

Buffer amount:

- With respect to the RTY Index: 1,252.506, which is approximately 85% of its initial index value
- With respect to the SPX Index: 2,247.273, which is approximately 85% of its initial index value

With respect to the RTY Index: 1,473.536, which is its index closing value on the pricing date

Initial index value: With respect to the SPX Index: 2,643.85, 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 March 5, 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

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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: 61768DXC4 / US61768DXC46

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
February 28, 2019*	March 5, 2019*
March 28, 2019*	April 2, 2019*
April 29, 2019*	May 2, 2019*
May 28, 2019*	May 31, 2019*
June 28, 2019*	July 3, 2019*
July 29, 2019	August 1, 2019
August 28, 2019	September 3, 2019
September 30, 2019	October 3, 2019
October 28, 2019	October 31, 2019
November 29, 2019	December 4, 2019
December 30, 2019	January 3, 2020
January 28, 2020	January 31, 2020
February 28, 2020	March 4, 2020
March 30, 2020	April 2, 2020
April 28, 2020	May 1, 2020
May 28, 2020	June 2, 2020
June 29, 2020	July 2, 2020
July 28, 2020	July 31, 2020
August 28, 2020	September 2, 2020
September 28, 2020	October 1, 2020
October 28, 2020	November 2, 2020
November 30, 2020	December 3, 2020
December 28, 2020	December 31, 2020
January 28, 2021 (final observation date)	February 2, 2021 (maturity date)

* The securities are not subject to automatic early redemption until the sixth coupon payment date, which is August 1, 2019.

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due February 2, 2021, with 6-Month 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 February 2, 2021, with 6-Month 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 2-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 15% from its respective initial index value**, investors will lose 1% 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 15%. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities. **Accordingly, investors in the securities must be willing to accept the risk of losing up to 85% of their initial investment and also the risk of not receiving any contingent monthly coupons throughout the entire 2-year term of the securities.**

Maturity: Approximately 2 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 6.75% *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 six months:

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 July 29, 2019 (approximately six months 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 15% 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 15%** from its respective initial index value, investors will lose 1% 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 15%. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities. *However, under no circumstances will the securities pay less than the minimum payment at maturity of \$150 per security.* No monthly coupon will be payable

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Contingent Income Buffered Auto-Callable Securities due February 2, 2021, with 6-Month 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

at maturity. **Accordingly, investors in the securities must be willing to accept the risk of losing up to 85% of their 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 \$976.70.

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 and the buffer amount, 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.

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Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due February 2, 2021, with 6-Month 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 2-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 2-year term of the securities and the payment at maturity may be up to 85% less than the stated principal amount of the securities.

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 *6.75% 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 six months, 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.

Scenario 2: The securities are not redeemed prior to maturity, and investors

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

receive principal back at maturity

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 6.75% *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.

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 15% 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.

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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 6.75% *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 15% from the respective initial index value(s). Therefore, investors do not receive the contingent monthly coupon for the final monthly period and lose 1% 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 15%. The payment at maturity will be less than the stated principal amount. Investors may lose up to 85% of their investment in the securities. No coupon will be paid at maturity in this scenario.

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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 six months) 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 six months)

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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.

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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 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 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 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:	<p>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 6.75% <i>per annum</i> for each interest payment period for each applicable observation date. These hypothetical examples reflect the contingent monthly coupon rate of 6.75% <i>per annum</i> (corresponding to approximately \$5.625 per month per security*).</p>
Automatic Early Redemption (starting after six months):	<p>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 <i>plus</i> the contingent monthly coupon with respect to the related observation date.</p> <p>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 15% 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.</p>
Payment at Maturity (if the securities have not been automatically redeemed early):	<p>If the final index value of either underlying index has decreased by more than the buffer amount of 15% from its respective initial index value: $\\$1,000 + [\\$1,000 \times (\text{index percent change of the worst performing underlying index} + 15\%)]$. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities. However, under no circumstances will the securities pay less than the minimum payment at maturity of \$150 per security.</p>
Stated Principal Amount:	\$1,000

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With respect to the RTY Index: 1,400

Hypothetical Initial
Index Value:

With respect to the SPX Index: 2,500

With respect to the RTY Index: 1,190, which is 85% of the hypothetical initial index value for such index

Hypothetical Coupon
Threshold Level:

With respect to the SPX Index: 2,125, which is 85% of the hypothetical initial index value for such index

Buffer Amount: With respect to each underlying index, 15%

* 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 \$5.625 is used in these examples for ease of analysis.

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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	1,900 (at or above the coupon threshold level)	2,800 (at or above the coupon threshold level)	\$5.625
Hypothetical Observation Date 2	1,300 (at or above the coupon threshold level)	1,850 (below the coupon threshold level)	\$0
Hypothetical Observation Date 3	950 (below the coupon threshold level)	2,200 (at or above the coupon threshold level)	\$0
Hypothetical Observation Date 4	1,000 (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 \$5.625 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 2-year term of the securities.

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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 six months, 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 RTY Index	SPX Index	Index Percent Change RTY Index	SPX Index	Payment at Maturity
					= \$1,000 + (index percent change of the worst performing underlying index + 15%)
Example 1:	630 (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 = (630 – 1,400) / 1,400 = -55%	(final index value – initial index value) / initial index value = (3,000 – 2,500) / 2,500 = 20%	= \$1,000 + [\$1,000 x (-55% + 15%)]
Example 2:	1,610 (the RTY Index has increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	500 (the SPX Index has decreased by an amount greater than the buffer amount)	(1,610 – 1,400) / 1,400 = 15%	(500 – 2,500) / 2,500 = -80%	= \$1,000 + (\$1,000 x -40%) = \$600 = \$1,000 + [\$1,000 x (-80% + 15%)]
Example 3:	1,330 (at or above the coupon threshold level; the RTY Index has increased, remained unchanged or	2,250 (at or above the coupon threshold level; the SPX Index has increased, remained unchanged or	(1,330 – 1,400) / 1,400 = -5%	(2,250 – 2,500) / 2,500 = -10%	= \$1,000 + (\$1,000 x -65%) = \$350 The stated principal amount + the contingent monthly coupon with respect to the final

decreased by an amount less than or equal to the buffer amount)

decreased by an amount less than or equal to the buffer amount)

observation date.

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 15% 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 15% 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% of the principal amount 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 15%. Moreover, investors do not receive any contingent monthly coupon for the final monthly period.

Morgan Stanley Finance LLC

Contingent Income Buffered Auto-Callable Securities due February 2, 2021, with 6-Month 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

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 15% 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 15% from its respective initial index value, you will be exposed 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. Under these circumstances, you will lose some, and up to 85%, of your investment in the securities.

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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 provide a minimum payment at maturity of only 15% of your principal. The terms of the securities differ from those of ordinary debt securities in that they provide a minimum payment at maturity of only 15% of the stated principal amount of the securities, subject to our credit risk. 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 15% from its respective initial index value, you will lose 1% 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 15%. Under this scenario, the value of the payment at maturity will be less than the stated principal amount. **You could lose up to 85% of your 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.

§ **You are exposed to the price risk of each underlying index, with respect to both the contingent monthly coupons, if any, and the payment at maturity.** Your return on the securities is not linked to a basket consisting of the underlying indices. Rather, it will be contingent upon the independent performance of each underlying index. Unlike an instrument with a return linked to a basket of underlying assets, in which risk is mitigated and diversified among all the components of the basket, you will be exposed to the risks related to each underlying index. Poor performance by **either** underlying index over the term of the securities will negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying indices. To receive **any** contingent monthly coupons, **each** underlying index must close at or above its respective coupon threshold level on the applicable observation date. In addition, if the securities have not been automatically redeemed early and if the final index value of **either** underlying index has decreased by more than the buffer amount of 15% from its respective

initial index value, investors will lose 1% 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 15%, even if the other underlying index has appreciated or has not declined as much. Under this scenario, the value of any such payment at maturity will be less than the stated principal amount. Accordingly, your investment is subject to the price risk of each underlying index.

Because the securities are linked to the performance of the worst performing underlying index, you are exposed to greater risks of receiving no contingent monthly coupons and sustaining a loss on your investment than if the securities were linked to just one index. The risk that you will not receive any contingent monthly coupons, or 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 underlying index. With two underlying § indices, it is more likely that either underlying index will close below its coupon threshold level on any observation date and decline by more than the buffer amount at maturity, than if the securities were linked to only one underlying index. Therefore, it is more likely that you will not receive any contingent monthly coupons and that you will suffer a loss on your investment. In addition, because each underlying index must close above its initial index value on a monthly redemption determination date in order for the securities to be called prior to maturity, the securities are less likely to be called on