

MORGAN STANLEY  
Form 424B2  
September 07, 2018

The information in this pricing supplement is not complete and may be changed. We may not deliver these securities until a final pricing supplement is delivered. This pricing supplement and the accompanying prospectus and prospectus supplement do not constitute an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

***Subject to Completion, Pricing Supplement dated September 6, 2018***

***PROSPECTUS dated November 16, 2017***

***PROSPECTUS SUPPLEMENT dated November 16, 2017***  
***INDEX SUPPLEMENT Dated November 16, 2017***

***Pricing Supplement No. 968 to***

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

***Dated September , 2018***

***Rule 424(b)(2)***

\$

**Morgan Stanley Finance LLC**

***GLOBAL MEDIUM-TERM NOTES, SERIES A***  
***Senior Notes***

***Buffered Participation Securities Linked to Global Equities due September 17, 2021***

***Based on a Performance-Allocation Basket Composed of the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> 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. Unlike ordinary debt securities, the securities do not pay interest and provide a minimum payment at maturity of only 10% of the stated principal amount. At maturity you will receive for each security that you hold an amount in cash that will vary depending on the performance of a basket composed of the S&P 500<sup>®</sup> Index (the "SPX Index"), the MSCI Europe<sup>®</sup> Index (the "MXEU Index") and the Russell 2000<sup>®</sup> Index (the "RTY Index"). We refer to each of these indices as a basket component. The weighting for each basket component is not set at the beginning of the term of the securities. Instead, in measuring the performance of the basket as a whole as of the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%. At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance measured on the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to \$10 plus the product of \$10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of \$1 per security. **Investors may lose***

**up to 90% of the stated principal amount of the securities.** The securities are for investors who seek a return based on the performance of the basket components and who are willing to risk their principal and forgo current income in exchange for the buffer feature that applies to a limited range of performance of the basket. 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.**

- The stated principal amount and issue price of each security is \$10.
- We will not pay interest on the securities.

At maturity, you will receive an amount of cash per security based on the basket performance, which is determined on the determination date, as follows:

If the basket performance is positive, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to \$10 plus the product of \$10 and the basket performance.

If the basket performance is negative but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to \$10.

If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to  $\$10 + [\$10 \times (\text{basket performance} + \text{buffer amount})]$ .

**Under these circumstances, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of \$10. However, under no circumstances will the securities pay less than the minimum payment at maturity of \$1 per security.**

- The basket performance will equal the sum of the performance values for each of the basket components.

The performance value for each basket component will equal (i) the product of the respective final value for each basket component minus the respective initial value for such basket component divided by the respective initial value for such basket component times (ii) the weighting for such basket component.

The weighting for each basket component will be determined on the determination date based on the relative performance of the basket components against each other. The basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.

- The initial value for each basket component will equal its respective index closing value on the pricing date.
- The final value for each basket component will equal its respective index closing value on the determination date.
- The pricing date, which is the day we price the securities for initial sale to the public, will be September 14, 2018.

The determination date will be September 14, 2021, subject to postponement for each basket component separately in the event of a non-index business day or a market disruption event.

*Investing in the securities is not equivalent to investing in the basket components or any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index.*

- *The securities will not be listed on any securities exchange.*
- *The minimum purchase amount is \$1,000 or 100 securities.*

*The estimated value of the securities on the pricing date is approximately \$9.67 per security, or within \$0.225 of that estimate. See “Summary of Pricing Supplement” beginning on PS-3.*

- *The CUSIP number for the securities is 61768T100 and the ISIN number for the securities is US61768T1007.*

*You should read the more detailed description of the securities in this pricing supplement. In particular, you should review and understand the descriptions in “Summary of Pricing Supplement” and “Description of Securities.”*

*The securities are riskier than ordinary debt securities. See “Risk Factors” beginning on PS-11.*

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

**PRICE \$10 PER SECURITY**

	<i>Price to public</i>	<i>Agent’s commissions and fees</i>	<i>Proceeds to us<sup>(3)</sup></i>
<i>Per security</i>	<i>\$10.00</i>	<i>\$0.225<sup>(1)</sup></i>	
		<i>\$0.045<sup>(2)</sup></i>	<i>\$9.73</i>
<i>Total</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>

*Selected dealers, including Morgan Stanley Wealth Management (an affiliate of the agent), and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$0.225 for each security (1) they sell. See “Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement.*

*(2) Reflects a structuring fee payable to Morgan Stanley Wealth Management by the agent or its affiliates of \$0.045 for each security.*

*(3) See “Use of Proceeds and Hedging” on page PS-30.*

*The agent for this offering, Morgan Stanley & Co. LLC, is our affiliate. See “Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest” in this pricing supplement.*

*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.*

*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.*

*MORGAN STANLEY*

**For a description of certain restrictions on offers, sales and deliveries of the securities and on the distribution of this pricing supplement and the accompanying prospectus supplement, index supplement and prospectus relating to the securities, see the section of this pricing supplement called “Description of the Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest.”**

**No action has been or will be taken by us, the agent or any dealer that would permit a public offering of the securities or possession or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Neither this pricing supplement nor the accompanying prospectus supplement, index supplement and prospectus may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

**In addition to the selling restrictions set forth in “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement, the following selling restrictions also apply to the securities:**

**The securities have not been and will not be registered with the Comissão de Valores Mobiliários (The Brazilian Securities Commission). The securities may not be offered or sold in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.**

**The securities have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the securities or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus, may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations.**

**The securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This pricing supplement and the accompanying prospectus supplement, index supplement and prospectus may not be publicly distributed in Mexico.**

## SUMMARY OF PRICING SUPPLEMENT

*The following summary describes the securities in general terms only. You should read the summary together with the more detailed information that is contained in the rest of this pricing supplement and in the accompanying prospectus supplement, index supplement and prospectus. You should carefully consider, among other things, the matters set forth in “Risk Factors.”*

*The securities offered are medium-term debt securities issued by MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The return on the securities is linked to the performance of a basket composed of the S&P 500<sup>®</sup> Index (the “SPX Index”), the MSCI Europe<sup>®</sup> Index (the “MXEU Index”) and the Russell 2000<sup>®</sup> Index (the “RTY Index”). We refer to each of these indices as a basket component. The weighting for each basket component is not set at the beginning of the term of the securities. Instead, in measuring the performance of the basket as a whole as of the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%. At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance, as measured on the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to \$10 plus the product of \$10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of \$1 per security. **Investors may lose up to 90% of the stated principal amount of the securities.** All payments on the securities are subject to our credit risk.*

*“Standard & Poor<sup>®</sup>,” “S&P,” “S&P 500,” “Standard & Poor’s 500” and “500” are trademarks of Standard and Poor’s Financial Services LLC.*

*The “MSCI Europe<sup>®</sup> Index” is a trademark of MSCI Inc.*

*The “Russell 2000<sup>®</sup> Index” is a trademark of Russell Investments.*

**Each security costs \$10**

We are offering the Buffered Participation Securities Linked to Global Equities due September 17, 2021 Based on a Performance-Allocation Basket Composed of the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index, which we refer to as the securities. The stated principal amount and original issue price of each security is \$10.

## Edgar Filing: MORGAN STANLEY - Form 424B2

The original issue price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date will be less than \$10. We estimate that the value of the securities on the pricing date will be approximately \$9.67, or within \$0.225 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

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

In valuing the securities on the pricing date, we take into account that the securities comprise both a debt component and a performance-based component linked to the basket components. The estimated value of the securities 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 securities?*

In determining the economic terms of the securities, including 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 Morgan Stanley & Co. LLC, which we refer to as MS & Co., purchases the securities 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 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 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 securities, and, if it once chooses to make a market, may cease doing so at any time.

**The basket** The following table sets forth the basket components along with the initial value (as defined below) and the relevant Bloomberg ticker symbol of each basket component:

<b>Basket component</b>	<b>Initial value</b>	<b>Bloomberg ticker symbol*</b>
The S&P 500 <sup>®</sup> Index (the “SPX Index”)		SPX
The MSCI Europe <sup>®</sup> Index (the “MXEU Index”)		MXEU
The Russell 2000 <sup>®</sup> Index (the “RTY Index”)		RTY

\*Bloomberg ticker symbols are being provided for reference purposes only. With respect to each basket component, the initial value and the final value will be determined as set forth under “Description of Securities—Initial Value” and “Description of Securities—Final Value.”

PS-4



**The securities do not guarantee the return of more than 10% of principal at maturity; basket component weightings set on the determination date**

Unlike ordinary debt securities, the securities do not pay interest and provide for a minimum payment at maturity of only 10% of your principal. At maturity, you will receive for each \$10 stated principal amount of securities that you hold an amount in cash that will vary depending on the value of the basket on the determination date, with the weightings of each basket component to be set on the determination date based on the relative performance of the basket components against each other, as described below. The payment at maturity may be significantly less than the stated principal amount of the securities. If the value of the basket has declined as of the determination date by more than the buffer amount of 10%, for every 1% decline beyond the buffer amount, you will lose an amount equal to 1% of the principal amount of your securities. However, under no circumstances will the payment at maturity be less than the minimum payment at maturity of \$1 per security.

**Payment at Maturity**

Unlike ordinary debt securities, the securities do not pay interest. Instead, for each \$10 stated principal amount of securities that you hold, you will receive an amount in cash determined as follows:

If the basket performance is positive, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to \$10 plus the product of \$10 and the basket performance.

If the basket performance is negative but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to \$10.

If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive for each \$10 stated principal amount of securities that you hold a payment at maturity equal to \$10 + [\$10 × (basket performance + buffer amount)].

Where,

basket performance = the sum of the performance values for each basket component  
 performance value = with respect to each basket component, the product of (x) the final value for such basket component minus the initial value for such basket component divided by (y) the initial value of such basket component times (z) the weighting for such basket component, as expressed by the following formula:

$$\frac{(\text{final value} - \text{initial value})}{\text{initial value}} \times \text{weighting}$$

and  
 buffer amount = 10%

***Basket Component Weightings Set on the Determination Date***

The weighting for each basket component will not be set on the pricing date. Instead, the weightings will be based on the relative performance of the basket components against each other on the determination date as follows: the basket component with

the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.

The initial value for each basket component will equal the index closing value of such basket component on the pricing date.

If, however, the pricing date is not an index business day for any of the basket components or a market disruption event occurs on the pricing date with respect to any of the basket components, the initial value for such affected basket component will be determined on the next index business day on which no market disruption event occurs with respect to that basket component. If the initial value for any basket component has not been determined on the fifth scheduled index business day following the pricing date, the calculation agent will determine the initial value for that basket component as set out in the section of this pricing supplement titled “Description of Securities—Initial Value.”

The final value for each basket component will equal the index closing value of such basket component on the determination date.

The scheduled determination date is September 14, 2021. If, however, the scheduled determination date is not an index business day with respect to any basket component or if a market disruption event occurs with respect to any basket component on the determination date, the determination date will be postponed, only with respect to the affected basket component, to the next index business day on which no market disruption event occurs with respect to that basket component. If the final value for any basket component has not been determined on the fifth scheduled index business day following the scheduled determination date, the calculation agent will determine the final value for that basket component as set out in the section of this pricing supplement called “Description of Securities—Determination Date.” If, due to a market disruption event or otherwise, the determination date for any basket component is postponed and falls less than two business days prior to the scheduled maturity date, the maturity date will be postponed to the second business day following such determination date as postponed. See the section of this pricing supplement called “Description of Securities—Maturity Date.”

**If the basket performance is negative by more than the buffer amount as of the determination date, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of \$10. However, under no circumstances will the securities pay less than the minimum payment at maturity of \$1 per security.**

All payments on the securities, including the payment of the minimum payment at maturity, are subject to our credit risk.

Because the performance of the basket components may not be correlated, a negative performance by one or more of the basket components could wholly offset a positive performance by one or more of the other basket components.

Please review the historical closing values of the basket components in the section of this pricing supplement called “Description of Securities—Historical Information” for each calendar quarter in the period from January 1, 2013 through September 4, 2018 and related graphs. You cannot predict the future performance of any of the basket components or of the basket as a whole, or whether the positive performance of any basket component will be offset by a lesser positive performance or negative performance of one or more of the other basket components, based on their historical

PS-6

performance.

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

**Morgan Stanley & Co. LLC will be the calculation agent** We have appointed our affiliate, Morgan Stanley & Co. LLC, which we refer to as MS & Co., to act as calculation agent for The Bank of New York Mellon, a New York banking corporation, the trustee for our senior notes. As calculation agent, MS & Co. will determine the initial value and the final value for each basket component, the weighting for each basket component, the basket performance, whether a market disruption event has occurred and the payment that you will receive at maturity.

**Morgan Stanley & Co. LLC will be the agent; conflicts of interest** The agent for the offering of the securities, MS & Co., a wholly owned subsidiary of Morgan Stanley and an affiliate of MSFL, will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See “Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest” on PS-31.

**Where you can find more information on the securities** The securities are unsecured debt securities issued as part of our Series A medium-term note program. You can find a general description of our Series A medium-term note program in the accompanying prospectus supplement dated November 16, 2017, the index supplement dated November 16, 2017 and the prospectus dated November 16, 2017. We describe the basic features of this type of debt security in the sections of the prospectus supplement called “Description of Notes—Notes Linked to Commodity Prices, Single Securities, Baskets of Securities or Indices” and in the section of the prospectus called “Description of Debt Securities—Fixed Rate Debt Securities.” **Because this is a summary, it does not contain all of the information that may be important to you. For a detailed description of the terms of the securities, you should read the “Description of the Securities” section in this pricing supplement. You should also read about some of the risks involved in investing in the securities in the section called “Risk Factors.” The tax and accounting treatment of investments in equity-linked securities such as these may differ from that of investments in ordinary debt securities or common stock. See the section of this pricing supplement called “Description of the Securities—United States Federal Taxation.” We urge you to consult with your investment, legal, tax, accounting and other advisers with regard to any proposed or actual investment in the securities.**

**How to reach us** Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or Morgan Stanley’s principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087.

PS-7

## HYPOTHETICAL PAYOUTS ON THE SECURITIES

At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance as of the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to \$10 plus the product of \$10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of \$1 per security.

In measuring the performance of the basket as a whole on the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.

The tables below are examples of how to calculate the basket performance and the payment at maturity on the securities based on hypothetical initial values and hypothetical final values for each of the basket components. The actual initial values will be determined on the pricing date, and the actual final values will be determined on the determination date.

### Example 1: Basket performance is positive

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Change	Percentage	Weighting	Hypothetical Performance Value
SPX Index	2,100	1,995	-5% (worst performance)		18%	-0.90%
MXEU Index	125	137.50	10% (second-best performance)		37%	3.70%
RTY Index	1,200	1,440	20% (best performance)		45%	9.00%
<b>Hypothetical basket performance:</b>						<b>11.80%</b>

**Basket performance = Sum of performance values of each basket component**

**Each performance value = [(final value - initial value) / initial value] × weighting**

**SPX Index** =  $[(1,995 - 2,100) / 2,100] \times 18\% = -0.90\%$ ,  
*plus*

**MXEU Index** =  $[(137.50 - 125) / 125] \times 37\% = 3.70\%$ ,

*plus*

**RTY Index** =  $[(1,440 - 1,200) / 1,200] \times 45\% = 9.00\%$ ,

**Hypothetical basket performance = 11.80%**

The payment at maturity per security is  $\$10 + (\$10 \times 11.80\%) = \$11.18$ .

PS-8

**Example 2: Basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%**

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Percentage Change	Weighting	Hypothetical Performance Value
SPX Index	2,100	2,310	10% (best performance)	45%	4.50%
MXEU Index	125	87.5	-30% (worst performance)	18%	-5.40%
RTY Index	1,200	1,020	-15% (second-best performance)	37%	-5.55%
<b>Hypothetical basket performance:</b>					<b>-6.45%</b>

**Basket performance = Sum of performance values of each basket component**

**Each performance value = [(final value - initial value) / initial value] × weighting**

**SPX Index** =  $[(2,310 - 2,100) / 2,100] \times 45\% = 4.50\%$ ,  
*plus*

**MXEU Index** =  $[(87.5 - 125) / 125] \times 18\% = -5.40\%$ ,

*plus*

**RTY Index** =  $[(1,020 - 1,200) / 1,200] \times 37\% = -5.55\%$ ,

**Hypothetical basket performance = -6.45%**

The payment at maturity per security is \$10.

As the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the payment at maturity per security will be equal to the \$10 stated principal amount.

*Example 3: Basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%*

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Percentage Change	Weighting	Hypothetical Performance Value
SPX Index	2,100	1,155	-45% (worst performance)	18%	-8.10%
MXEU Index	125	137.50	10% (best performance)	45%	4.50%
RTY Index	1,200	720	-40% (second-best performance)	37%	-14.80%
PS-9					



**Hypothetical basket performance: -18.40%**

**Basket performance = Sum of performance values of each basket component**

**Each performance value = [(final value - initial value) / initial value] × weighting**

**SPX Index** =  $[(1,155 - 2,100) / 2,100] \times 18\% = -8.10\%$ ,  
*plus*

**MXEU Index** =  $[(137.50 - 125) / 125] \times 45\% = 4.50\%$ ,

*plus*

**RTY Index** =  $[(720 - 1,200) / 1,200] \times 37\% = -14.80\%$ ,

**Hypothetical basket performance = -18.40%**

The payment at maturity per security is  $\$10 + [\$10 \times (-18.40\% + 10.00\%)] = \$9.16$ .

**As the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, the payment at maturity per security will be equal to \$10 + [\$10 × (basket performance + buffer amount)].**

In the above example, one of the basket components — the MXEU Index — has increased in value by 10% from its initial value, but the other two basket components have declined in value by 45% and 40%. Accordingly, although one of the basket components has increased in value, the significant declines in values of the other two basket components more than offset such increase and the basket performance is negative and less than -10%. Therefore, the payment at maturity per security will be less than the \$10 stated principal amount.

While the weightings of the basket components are set on the determination date in a way that is favorable to the investors (45% for the best-performing basket component, 37% for the second-best performing basket component and 18% for the worst-performing basket component), the basket performance can still be negative if one or more basket components decline in value over the term of the securities.

If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive an amount in cash that is less than the \$10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment. **You could lose up to 90% of the stated principal amount of the securities.**

Please review the tables setting forth the historical performance of each of the basket components for each calendar quarter in the period from January 1, 2013 through September 4, 2018 and related graphs in “Description of Securities—Historical Information” beginning on PS-26. You cannot predict the future performance of any of the basket components or of the basket as a whole, or whether increases in the values of any of the basket components will be offset by decreases in the values of other basket components, based on their historical performance.

PS-10

## RISK FACTORS

The securities are not secured debt, and, unlike ordinary debt securities, do not guarantee the return of any principal at maturity and do not pay any interest. Investing in the securities is not equivalent to investing in the basket components, their component stocks or the indices tracked by the basket components. This section describes the most significant risks relating to the securities. For a further discussion of risk factors, please see the accompanying prospectus supplement, index supplement and prospectus. You should carefully consider whether the securities are suited to your particular circumstances before you decide to purchase them.

**The securities do not pay interest and provide a minimum payment at maturity of only 10% of your principal**

The terms of the securities differ from those of ordinary debt securities in that we will not pay you any interest, and provide a minimum payment at maturity of only 10% of the stated principal amount. At maturity, you will receive for each \$10 stated principal amount of securities that you hold an amount in cash based upon the basket performance, as measured on the determination date. If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive at maturity an amount in cash that is less than the \$10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment. **You could lose up to 90% of the stated principal amount of the securities.**

**Changes in the values of one or more of the basket components may offset each other**

Value movements in the basket components may not correlate with each other. At a time when the values of one or more basket components increase, the values of the other basket components may not increase as much, or may even decline. Therefore, in calculating the basket components' performance on the determination date, increases in the values of one or more basket components may be moderated, or wholly offset, by lesser increases or declines in the values of other basket components.

However, there have been times in the past when the values of the basket components have been correlated, and while the best-performing basket component will be given the highest weight and the worst-performing basket component the lowest weight, the basket performance can still be negative if the values of one or more basket components decline over the term of the securities. If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive an amount in cash that is less than the \$10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment.

You can review tables and graphs illustrating the historical performance of the basket components for the period from January 1, 2013 through September 4, 2018 in "Description of Securities—Historical Information" beginning on PS-26.

You cannot predict the future performance of any of the basket components, or of the basket as a whole, or whether increases in the value of any of the basket components will be offset by lesser increases or decreases in the value of other basket components based on their historical performance.

**The market price of the securities will be influenced by many unpredictable factors**

Several factors, many of which are beyond our control, will influence the value of the securities in the secondary market and the price at which MS & Co. may be willing to purchase or sell the securities in the secondary market, including: the value and volatility of the basket components, interest and yield rates in the market, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events and any actual or anticipated changes in our credit ratings or credit spreads. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to

PS-11

maturity.

**The securities are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the securities**

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

**As a finance subsidiary, MSFL has no independent operations and will have no independent assets**

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

**Adjustments to the basket components could adversely affect the value of the securities**

The publisher of each index can add, delete or substitute the stocks underlying such index, and can make other methodological changes that could change the value of such index. Any of these actions could adversely affect the value of the securities. In addition, an index publisher may discontinue or suspend calculation or publication of the relevant 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 permitted to consider indices that are calculated and published by MS & Co. 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 securities will be an amount based on the closing prices on the determination date of the securities constituting such index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating such index last in effect prior to discontinuance of such index.

**There are risks associated with investments in securities linked to the value of foreign equity securities**

As the MSCI Europe<sup>®</sup> Index is one of the basket components, the securities are linked to the value of foreign equity securities. Investments in securities linked to the value of foreign equity securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the United States Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued in foreign markets may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in

PS-12

such countries may differ favorably or unfavorably from the economy in the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payment positions between countries.

**The securities are linked to the Russell 2000® Index and are therefore subject to risks associated with small-capitalization companies**

As the Russell 2000® Index is one of the basket components, and the Russell 2000® Index consists of stocks issued by companies with relatively small market capitalization, the securities are linked to the value of small-capitalization companies. 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 securities is not equivalent to investing in the basket components**

Investing in the securities is not equivalent to investing directly in the basket components or any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index. Investors in the securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index.

**The securities will not be listed on any securities exchange and secondary trading may be limited**

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

**The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous**

Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the securities in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a

**to us. Both**  
PS-13



secondary market transaction of this type as well as other factors.

**the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the securities in the original issue price reduce the economic terms of the securities, cause the estimated value of the securities to be less than the original issue price and will adversely affect secondary market prices**

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

**The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price**

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 basket components, 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. These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the securities than those generated by others, including other dealers in the market, if they attempted to value the securities. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your securities in the secondary market (if any exists) at any time. The value of your securities at any time after the date of this pricing supplement 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 of the securities will be influenced by many unpredictable factors” above.

**Hedging and trading activity by our affiliates could potentially affect the value of the securities**

One or more of our affiliates and or third-party dealers expect to carry out hedging activities related to the securities (and to other instruments linked to the basket components or their component stocks), including trading in the stocks that constitute the basket components 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 securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the determination date approaches. Some of our affiliates also trade the stocks that constitute the basket components and other financial instruments related to the basket components 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 affect the initial values, and, therefore, could increase the values at or above which the basket components must close on the determination date so that an investor would not sustain a loss on their investment. Additionally, such hedging or trading activities during

the term of the securities, including on the determination date, could adversely affect the values of the basket components on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.

As calculation agent, MS & Co. will determine the initial value and the final value for each basket component, the weighting for each basket component, the basket performance and the payment that 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, the selection of a successor index or calculation of any closing price in the event of a market disruption event or discontinuance of an index tracked by a basket component, and certain

**The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities**

PS-14

adjustments to an adjustment factor. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see the sections of this pricing supplement called “Description of Securities—Determination Date” “—Payment at Maturity,” “—Performance Value,” “—Initial Value,” “—Price,” “—Final Value,” “—Market Disruption Event,” “—Alternate Exchange Calculation in Case of an Event of Default,” “—Discontinuance of an Underlying Index; Alteration of Method of Calculation” and “—Calculation Agent.” In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

**The U.S. federal income tax consequences of an investment in the securities are uncertain**

Please note that the discussions in this pricing supplement concerning the U.S. federal income tax consequences of an investment in the securities supersede the discussions contained in the accompanying prospectus supplement.

Subject to the discussion under “United States Federal Taxation” in this pricing supplement, although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the securities due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP (“our counsel”), under current law, and based on current market conditions, a security should be treated as a single financial contract that is an “open transaction” for U.S. federal income tax purposes.

If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative treatment for the securities, the timing and character of income on the securities might differ significantly from the tax treatment described herein. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders (as defined below) would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of issuance and recognize all income and gain in respect of the securities as ordinary income. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, 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 securities, and the IRS or a court may not agree with the tax treatment described in this pricing supplement.

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. Holders (as defined below) 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 securities, possibly with retroactive effect.

PS-15

**Both U.S. and Non-U.S. Holders should read carefully the discussion under “United States Federal Taxation” in this pricing supplement and consult their tax advisers regarding all aspects of the U.S. federal tax consequences of an investment in the securities as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.**

PS-16

## DESCRIPTION OF SECURITIES

Terms used but not defined herein have the meanings given to such terms in the accompanying prospectus supplement. The term “Security” refers to each \$10 Stated Principal Amount of our Buffered Participation Securities Linked to Global Equities due September 17, 2021 Based on a Performance-Allocation Basket Composed of the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index.

Aggregate Principal Amount                   \$

Original Issue Date (Settlement Date)   September 19, 2018 (3 Business Days after the Pricing Date)

Maturity Date                                       September 17, 2021, subject to extension as described below.

If, due to a Market Disruption Event or otherwise, the Determination Date for any Basket Component is postponed so that it falls less than two Business Days prior to the scheduled Maturity Date, the Maturity Date will be the second Business Day following such Determination Date as postponed.

Pricing Date                                       September 14, 2018

Interest Rate                                     None

Specified Currency                            U.S. dollars

CUSIP Number                                 61768T100

ISIN Number                                    US61768T1007

Minimum Purchase Amount                 \$1,000

Issue Price                                     \$10 (100%)

Stated Principal Amount                    \$10

Basket   The following table sets forth the Basket Components along with the Initial Value and the relevant Bloomberg ticker symbol:

<b>Basket Component</b>	<b>Initial Value</b>	<b>Bloomberg ticker symbol*</b>
The S&P 500 <sup>®</sup> Index (the “SPX Index”)		SPX
The MSCI Europe <sup>®</sup> Index (the “MXEU Index”)		MXEU

Edgar Filing: MORGAN STANLEY - Form 424B2

The Russell 2000® Index (the “RTY Index”)

RTY

\*Bloomberg ticker symbols are being provided for reference purposes only. With respect to each Basket Component, the Initial Value and the Final Value will be determined as set forth under “Initial Value” and “Final Value” below.

Underlying  
Indices

The SPX Index, the MXEU Index, and the RTY Index (each, individually, an “Underlying Index”)

Underlying  
Index Publisher

With respect to the SPX Index, S&P Dow Jones Indices LLC and any successor thereof, with respect to the MXEU Index, MSCI Inc. and any successor thereof, and with respect to the RTY Index, Russell Investments and any successor thereof.

PS-17

Weightings Based on the relative performance of the Basket Components against each other, as measured on the Determination Date, the Weighting of each Basket Component will be determined by the Calculation Agent as follows: The Basket Component with the best performance will be allocated a Weighting of 45%, the Basket Component with the second-best performance will be allocated a Weighting of 37% and the Basket Component with the worst performance will be allocated a Weighting of 18%.

Determination Date September 14, 2021; subject to adjustment for non-Index Business Days or Market Disruption Events, as described in the following paragraph.

If the scheduled Determination Date is not an Index Business Day with respect to any Basket Component or if a Market Disruption Event occurs on the Determination Date with respect to any Basket Component, the Determination Date solely for such affected Basket Component will be postponed and the Index Closing Value with respect to such affected Basket Component will be determined on the immediately succeeding Index Business Day on which no Market Disruption Event occurs with respect to such affected Basket Component. The Final Basket Value will be determined on the last Determination Date as so postponed, by which date the Final Value for each Basket Component will have been determined; *provided* that the Index Closing Value for any affected Basket Component will not be determined on a date later than the fifth scheduled Index Business Day after the scheduled Determination Date, and if such date is not an Index Business Day or if there is a Market Disruption Event with respect to the affected Basket Component on such date, the Calculation Agent will determine the Index Closing Value of such Basket Component on such date in accordance with the formula for calculating such Basket Component last in effect prior to the commencement of the Market Disruption Event (or prior to the non-Index Business Day), without rebalancing or substitution, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing price that would have prevailed but for such suspension, limitation or non-Index Business Day) on such date of each security most recently constituting such Basket Component.

Payment at Maturity At maturity, upon delivery of the Securities to the Trustee, we will pay with respect to the \$10 Stated Principal Amount of each Security an amount in cash, as determined by the Calculation Agent, equal to:

(i) if the Basket Performance is positive, \$10 *plus* the product of \$10 and the Basket Performance,

(ii) if the Basket Performance is negative but is not less than -10%, meaning that the value of the Basket has not decreased by more than the Buffer Amount of 10%, the Stated Principal Amount of \$10, or



(iii) if the Basket Performance is negative and is less than -10%, meaning that the value of the Basket has decreased by more than the Buffer Amount of 10%,

$\$10 + [\$10 \times (\text{Basket Performance} + \text{Buffer Amount})]$

We will, or will cause the Calculation Agent to, (i) provide written notice to the Trustee and to The Depository Trust Company, which we refer to as DTC, of the amount of cash to be delivered with respect to the \$10 Stated Principal Amount of each Security, on or prior to 10:30 a.m. (New York City time) on the Business Day preceding the Maturity Date, and (ii) deliver the aggregate cash amount due with respect to the Securities to the Trustee for delivery to DTC, as holder of the Securities, on or prior to the Maturity Date. We expect such amount of cash will be distributed to investors on the Maturity Date in accordance with the standard rules and procedures of DTC and its direct and indirect participants. See “—Book Entry Security or Certificated Security” below, and see “Forms of Securities—The Depository” in the accompanying prospectus.

Buffer Amount 10%

**Basket Performance** The Basket Performance is the sum of the Performance Values for each of the Basket Components.

**Performance Value** With respect to each Basket Component, the product of (x) the Final Value for such Basket Component *minus* the Initial Value for such Basket Component *divided by* (y) the Initial Value for such Basket Component *times* (z) the Weighting for such Basket Component. Each such product may be expressed by the following formula:

$$\frac{(\text{Final Value} - \text{Initial Value})}{\text{Initial Value}} \times \text{Weighting}$$

In certain circumstances, the Performance Value will be based on the alternate calculation of the values for the Basket Components, as described under “—Discontinuance of an Underlying Index; Alteration of Method of Calculation.”

**Initial Value** The Initial Value for each Basket Component will equal the Index Closing Value of such Basket Component on the Pricing Date; *provided* that if a Market Disruption Event occurs on the Pricing Date, the Initial Value of each affected Basket Component will be determined in accordance with the fallback mechanics described under “—Determination Date” above.

See “—Discontinuance of an Underlying Index; Alteration of Method of Calculation” below.

Edgar Filing: MORGAN STANLEY - Form 424B2

Index  
Closing  
Value  
PS-19

With respect to each of the SPX Index and the MXEU Index, the Index Closing Value on any Index Business Day will be determined by the Calculation Agent and will equal the official closing value of such Underlying Index, or any Successor Index

(as defined under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” below), published at the regular official weekday close of trading on such Index Business Day by the Index Publisher for such Underlying Index. In certain circumstances, the Index Closing Value for the SPX Index or the MXEU Index will be based on the alternate calculation of such Underlying Index as described under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” below.

With respect to the RTY Index, the Index Closing Value on any Index Business Day will be determined by the Calculation Agent and will equal the closing value of the RTY Index, or any Successor Index (as defined under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” below), reported by Bloomberg Financial Services, or any successor reporting service the Calculation Agent may select, on such Index Business Day. In certain circumstances, the Index Closing Value for the RTY Index shall be based on the alternate calculation of the RTY Index described under “Discontinuance of an Underlying Index; Alteration of Method of Calculation.”

**Final Value**      The Final Value for each Basket Component will equal the Index Closing Value of such Basket Component on the Determination Date, as determined by the Calculation Agent.

**Index Business Day**      Index Business Day means, with respect to each Underlying Index, a day, as determined by the Calculation Agent, on which trading is generally conducted on the Relevant Exchange(s) for such Underlying Index, other than a day on which trading on any Relevant Exchange is scheduled to close prior to the time of the posting of its regular final weekday closing price.

**Market Disruption Event**      Market Disruption Event means, with respect to each Underlying Index:

(i) the occurrence or existence of any of:

(a) a suspension, absence or material limitation of trading of stocks then constituting 20 percent or more of the value of such Underlying Index (or Successor Index) on the Relevant Exchange for such securities for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such Relevant Exchange, or

(b) a breakdown or failure in the price and trade reporting systems of any Relevant Exchange as a result of which the reported trading prices for stocks then constituting 20 percent or more of the value of such Underlying Index (or Successor Index) during the last one-half hour preceding the close of the principal trading session on such Relevant Exchange are materially inaccurate, or

(c) the suspension, material limitation or absence of trading on any major U.S. securities market for trading in futures or options contracts or exchange-traded funds related to such Underlying Index (or Successor Index) for more than

two hours of trading or

PS-20

during the one-half hour period preceding the close of the principal trading session on such market,

in each case as determined by the Calculation Agent in its sole discretion; and

(ii) a determination by the Calculation Agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position with respect to the Securities.

For the purpose of determining whether a Market Disruption Event exists at any time with respect to any Underlying Index, if trading in a security included in such Underlying Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the value of such Underlying Index will be based on a comparison of (x) the portion of the value of such Underlying Index attributable to that security relative to (y) the overall value of such Underlying Index, in each case immediately before that suspension or limitation.

For the purpose of determining whether a Market Disruption Event has occurred with respect to any Underlying Index: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Relevant Exchange or market, (2) a decision to permanently discontinue trading in the relevant futures or options contract or any exchange-traded fund will not constitute a Market Disruption Event, (3) a suspension of trading in futures or options contracts or exchange-traded funds on such Underlying Index by the primary securities market trading in such contracts or funds by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or funds, or (c) a disparity in bid and ask quotes relating to such contracts or funds will constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange-traded funds related to the Underlying Index and (4) a “suspension, absence or material limitation of trading” on any Relevant Exchange or on the primary market on which futures, options contracts or exchange-traded funds related to such Underlying Index are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.

Relevant Exchange means, with respect to each Underlying Index, the primary exchange(s) or market(s) of trading for (a) any security then included in such Underlying Index or any Successor Index, and (b) any futures or options contracts related to such Underlying Index or to any security then included in such Underlying Index.

PS-21

Book Entry Security or Certificated Security

Book Entry. The Securities will be issued in the form of one or more fully registered global securities which will be deposited with, or on behalf of, DTC and will be registered in the name of a nominee of DTC. DTC’s nominee will be the only registered holder of the Securities. Your beneficial interest in the Securities will be evidenced solely by entries on the books of the securities intermediary acting on your behalf as a direct or indirect participant in DTC. In this pricing supplement, all references to payments or notices to you will mean payments or notices to DTC, as the registered holder of the Securities, for distribution to participants in accordance with DTC’s procedures. For more information regarding DTC and book entry securities, please read “The Depository” in the accompanying prospectus supplement and “Form of Securities—Global Securities—Registered Global Securities” in the accompanying prospectus.

Trustee The Bank of New York Mellon, a New York banking corporation

Agent MS & Co.

Alternate Exchange Calculation

in Case of an Event of Default

If an Event of Default with respect to the Securities will have occurred and be continuing, the amount declared due and payable upon any acceleration of the Securities (the “Acceleration Amount”) will be an amount, determined by the Calculation Agent in its sole discretion, that is equal to the cost of having a Qualified Financial Institution, of the kind and selected as described below, expressly assume all our payment and other obligations with respect to the Securities as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to you with respect to the Securities. That cost will equal:

- the lowest amount that a Qualified Financial Institution would charge to effect this assumption or undertaking, *plus*

- the reasonable expenses, including reasonable attorneys’ fees, incurred by the holders of the Securities in preparing any documentation necessary for this assumption or undertaking.

During the Default Quotation Period for the Securities, which we describe below, the holders of the Securities and/or we may request a Qualified Financial Institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest—or, if there is only one, the only—quotation obtained, and as to which notice is so given, during the Default Quotation Period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the Qualified Financial Institution providing the quotation and notify the other party in writing of those

grounds within two Business Days after the last day of the Default Quotation Period, in which case that quotation will be disregarded in determining the Acceleration Amount.

Notwithstanding the foregoing, if a voluntary or involuntary liquidation, bankruptcy or insolvency of, or any analogous proceeding is filed with respect to MSFL or Morgan Stanley, then depending on applicable bankruptcy law, your claim may be limited to an amount that could be less than the Acceleration Amount.

If the maturity of the Securities is accelerated because of an Event of Default as described above, we will, or will cause the Calculation Agent to, provide written notice to the Trustee at its New York office, on which notice the Trustee may conclusively rely, and to DTC of the Acceleration Amount due with respect to the Securities as promptly as possible and in no event later than two Business Days after the date of such acceleration.

#### *Default Quotation Period*

The Default Quotation Period is the period beginning on the day the Acceleration Amount first becomes due and ending on the third Business Day after that day, unless:

- no quotation of the kind referred to above is obtained, or
- every quotation of that kind obtained is objected to within five Business Days after the due date as described above.

If either of these two events occurs, the Default Quotation Period will continue until the third Business Day after the first Business Day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five Business Days after that first Business Day, however, the Default Quotation Period will continue as described in the prior sentence and this sentence.

In any event, if the Default Quotation Period and the subsequent two Business Day objection period have not ended before the Determination Date, then the Acceleration Amount will equal the Stated Principal Amount of the Securities.

#### *Qualified Financial Institutions*

For the purpose of determining the Acceleration Amount at any time, a Qualified Financial Institution must be a financial institution organized under the laws of any jurisdiction in the United States or Europe, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and rated either:

PS-23



A-2 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency, or

P-2 or higher by Moody's Investors Service or any successor, or any other comparable rating then used by that rating agency.

Discontinuance  
of an Underlying  
Index;

Alteration of

Method of  
Calculation

If an Underlying Index Publisher discontinues publication of the relevant Underlying Index and such Underlying Index Publisher or another entity (including MS & Co.) publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to such discontinued Underlying Index (such index being referred to herein as a "Successor Index"), then any subsequent Index Closing Value for the discontinued Underlying Index will be determined by reference to the published value of such Successor Index at the regular weekday close of trading on any Index Business Day that the Index Closing Value for such Underlying Index is to be determined, and, to the extent the Index Closing Value of the Successor Index differs from the Index Closing Value of the relevant Underlying Index at the time of such substitution, proportionate adjustments will be made by the Calculation Agent to the relevant Initial Value.

Upon any selection by the Calculation Agent of a Successor Index, the Calculation Agent will cause written notice thereof to be furnished to the Trustee, on which notice the Trustee may conclusively rely, to us and to DTC, as holder of the Securities, within three Business Days of such selection. We expect that such notice will be made available to you, as a beneficial owner of the Securities, in accordance with the standard rules and procedures of DTC and its direct and indirect participants.

If an Underlying Index Publisher discontinues publication of the relevant Underlying Index prior to, and such discontinuance is continuing on, the Determination Date and the Calculation Agent determines, in its sole discretion, that no Successor Index is available at such time, then the Calculation Agent will determine the Index Closing Value for such Underlying Index for the Determination Date. The Index Closing Value of such Underlying Index will be computed by the Calculation Agent in accordance with the formula for and method of calculating such Underlying Index last in effect prior to such discontinuance, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing price that would have prevailed but for such suspension or limitation) at the close of the principal trading session of the Relevant Exchange on the Determination Date of each security most recently constituting such Underlying Index without any rebalancing or substitution of such securities following such discontinuance.

If at any time the method of calculating an Underlying Index or Successor Index, or the value thereof, is changed in a material respect, or if an Underlying Index or Successor Index is in any other way modified so that such index does not, in the opinion of the Calculation Agent, fairly represent the value of such index had such changes or modifications not been made, then, from and after such time, the Calculation Agent will, at the close of business in New York City on each date on which the Index Closing Value for such index is to be determined, make such calculations and adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a value of a stock index comparable to such Underlying Index or Successor Index, as the case may be, as if such changes or modifications had not been made, and the Calculation Agent will calculate the Index Closing Value on the Determination Date with reference to such Underlying Index or Successor Index, as adjusted. Accordingly, if the method of calculating such Underlying Index or Successor Index is modified so that the value of such index is a fraction of what it would have been if it had not been modified (e.g., due to a split in such index), then the Calculation Agent will adjust such index in order to arrive at a value of such Underlying Index or Successor Index as if it had not been modified (e.g., as if such split had not occurred).

Calculation Agent MS & Co. and its successors

All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you, the Trustee and us.

All calculations with respect to the Payment at Maturity will be made by the Calculation Agent and will be rounded to the nearest one billionth, with five ten-billionths rounded upward (e.g., .9876543215 would be rounded to .987654322); all dollar amounts related to determination of the amount of cash payable per Security will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (e.g., .76545 would be rounded up to .7655); and all dollar amounts paid on the aggregate number of Securities will be rounded to the nearest cent, with one-half cent rounded upward.

Because the Calculation Agent is our affiliate, the economic interests of the Calculation Agent and its affiliates may be adverse to your interests as an investor in the Securities, including with respect to certain determinations and judgments that the Calculation Agent must make in determining the Basket Performance or whether a Market Disruption Event has occurred. See “—Discontinuance of an Underlying Index; Alteration of Method of Calculation” and “—Market Disruption Event” above. MS & Co. is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment.

PS-25

Historical  
Information

The following tables set forth the published high, low and end of quarter Index Closing Values for each of the Basket Components for each calendar quarter in the period from January 1, 2013 through September 4, 2018. The graphs following each Basket Component's table set forth the historical performance of each respective Basket Component for the same period. On September 4, 2018, the Index Closing Value for the SPX Index was 2,896.72, the Index Closing Value for the MXEU Index was 127.92 and the Index Closing Value for the RTY Index was 1,733.377. We obtained the information in the tables and graphs from Bloomberg Financial Markets, without independent verification. The historical performance of the Basket Components should not be taken as an indication of future performance. 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. We cannot give you any assurance that the Basket Performance, as measured on the Determination Date, will be positive. If the Basket Performance on the Determination Date is negative and is less than -10%, meaning that the value of the Basket has decreased by more than the Buffer Amount of 10%, you will receive an amount in cash that is less than the \$10 Stated Principal Amount of each Security by an amount proportionate to the decline in the value of the Basket beyond the Buffer Amount, and you will lose money on your investment. **You could lose up to 90% of the Stated Principal Amount of the Securities.**

PS-26

## S&amp;P 500® Index

## High and Low Index Closing Values and End-of-Quarter Index Closing Values

January 1, 2013 through September 4, 2018

SPX Index	High	Low	Period End
<b>2013</b>			
First Quarter	1,569.19	1,457.15	1,569.19
Second Quarter	1,669.16	1,541.61	1,606.28
Third Quarter	1,725.52	1,614.08	1,681.55
Fourth Quarter	1,848.36	1,655.45	1,848.36
<b>2014</b>			
First Quarter	1,878.04	1,741.89	1,872.34
Second Quarter	1,962.87	1,815.69	1,960.23
Third Quarter	2,011.36	1,909.57	1,972.29
Fourth Quarter	2,090.57	1,862.49	2,058.90
<b>2015</b>			
First Quarter	2,117.39	1,992.67	2,067.89
Second Quarter	2,130.82	2,057.64	2,063.11
Third Quarter	2,128.28	1,867.61	1,920.03
Fourth Quarter	2,109.79	1,923.82	2,043.94
<b>2016</b>			
First Quarter	2,063.95	1,829.08	2,059.74
Second Quarter	2,119.12	2,000.54	2,098.86
Third Quarter	2,190.15	2,088.55	2,168.27
Fourth Quarter	2,271.72	2,085.18	2,238.83
<b>2017</b>			
First Quarter	2,395.96	2,257.83	2,362.72
Second Quarter	2,453.46	2,328.95	2,423.41
Third Quarter	2,519.36	2,409.75	2,519.36
Fourth Quarter	2,690.16	2,529.12	2,673.61
<b>2018</b>			
First Quarter	2,872.87	2,581.00	2,640.87
Second Quarter	2,786.85	2,581.88	2,718.37
Third Quarter (through September 4, 2018)	2,914.04	2,713.22	2,896.72

## Historical Daily Index Closing Values of the S&amp;P 500® Index

January 1, 2013 through September 4, 2018

PS-27

## MSCI Europe® Index

## High and Low Index Closing Values and End-of-Quarter Index Closing Values

January 1, 2013 through September 4, 2018

MXEU Index	High	Low	Period End
<b>2013</b>			
First Quarter	102.61	96.31	100.92
Second Quarter	106.55	94.54	97.69
Third Quarter	107.75	97.80	106.16
Fourth Quarter	112.13	104.24	112.13
<b>2014</b>			
First Quarter	115.34	108.35	113.81
Second Quarter	119.26	111.51	116.74
Third Quarter	119.22	111.17	117.21
Fourth Quarter	119.63	105.92	116.72
<b>2015</b>			
First Quarter	137.56	112.92	135.26
Second Quarter	140.92	129.19	129.19
Third Quarter	137.84	114.32	117.25
Fourth Quarter	130.03	116.73	123.11
<b>2016</b>			
First Quarter	123.11	102.32	113.62
Second Quarter	118.41	104.49	111.62
Third Quarter	118.29	108.01	115.82
Fourth Quarter	122.54	111.29	122.50
<b>2017</b>			
First Quarter	128.93	121.99	128.93
Second Quarter	133.83	127.12	128.08
Third Quarter	131.01	124.40	131.01
Fourth Quarter	133.95	129.04	131.41
<b>2018</b>			
First Quarter	135.99	122.39	125.01
Second Quarter	133.99	123.89	128.08
Third Quarter (through September 4, 2018)	132.10	127.04	127.92

## Historical Daily Index Closing Values of the MSCI Europe® Index

January 1, 2013 through September 4, 2018

PS-28

## Russell 2000® Index

## High and Low Index Closing Values and End-of-Quarter Index Closing Values

January 1, 2013 through September 4, 2018

RTY Index	High	Low	Period End
<b>2013</b>			
First Quarter	953.07	872.60	951.54
Second Quarter	999.99	901.51	977.48
Third Quarter	1,078.41	989.47	1,073.79
Fourth Quarter	1,163.64	1,043.46	1,163.64
<b>2014</b>			
First Quarter	1,208.65	1,093.59	1,173.03
Second Quarter	1,192.96	1,095.98	1,192.96
Third Quarter	1,208.15	1,101.67	1,101.67
Fourth Quarter	1,219.10	1,049.30	1,204.69
<b>2015</b>			
First Quarter	1,266.37	1,154.70	1,252.77
Second Quarter	1,295.79	1,215.41	1,253.94
Third Quarter	1,273.32	1,083.90	1,100.68
Fourth Quarter	1,204.15	1,097.55	1,135.88
<b>2016</b>			
First Quarter	1,114.02	953.71	1,114.02
Second Quarter	1,188.95	1,089.64	1,151.92
Third Quarter	1,263.43	1,139.45	1,251.64
Fourth Quarter	1,388.07	1,156.88	1,357.13
<b>2017</b>			
First Quarter	1,413.63	1,345.59	1,385.92
Second Quarter	1,425.98	1,345.24	1,415.35
Third Quarter	1,490.86	1,356.90	1,490.86
Fourth Quarter	1,548.92	1,464.09	1,535.51
<b>2018</b>			
First Quarter	1,610.70	1,463.79	1,529.42
Second Quarter	1,706.98	1,492.53	1,643.06
Third Quarter (through September 4, 2018)	1,740.75	1,653.13	1,733.37

## Historical Daily Index Closing Values of the Russell 2000® Index

January 1, 2013 through September 4, 2018

PS-29

The S&P 500<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> Index, see the information set forth under “S&P 500<sup>®</sup> Index” in the accompanying index supplement.

The MSCI Europe<sup>®</sup> Index is a free float-adjusted market capitalization index that is calculated, published and disseminated by MSCI Inc. The MSCI Europe<sup>®</sup> Index is designed to measure the equity market performance of developed markets in Europe and consists of the following 15 developed-market countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. For additional information about the MSCI Europe<sup>®</sup> Index, see the information set forth under “MSCI International Equity Indices—MSCI Europe<sup>®</sup> Index” and “—MSCI Global Investable Market Indices Methodology” in the accompanying index supplement.

The Russell 2000<sup>®</sup> Index is an index calculated, published and disseminated by Russell Investments, 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<sup>®</sup> 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. For additional information about the Russell 2000<sup>®</sup> Index, see the information set forth under “Russell 2000<sup>®</sup> Index” in the accompanying index supplement.

The proceeds from the sale of the Securities will be used by us for general corporate purposes. We will receive, in aggregate, \$10 per Security issued, because, when we enter into hedging transactions in order to meet our obligations under the Securities, our hedging counterparty will reimburse the cost of the Agent’s commissions. The costs of the Securities borne by you and described beginning on PS-3 above comprise the Agent’s commissions and the cost of issuing, structuring and hedging the Securities. See also “Use of Proceeds” in the accompanying prospectus.

On or prior to the Pricing Date, we will hedge our anticipated exposure in connection with the Securities by entering into hedging transactions with our affiliates and/or third-party dealers.

We expect our hedging counterparties to take positions in the Basket Components, in futures and/or options contracts on the Basket Components or component stocks of the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index listed on major securities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging. Such purchase activity could potentially increase the values of the Basket Components on the Pricing Date, and, therefore, could increase the values at or above which the Basket Components must close on the Determination Date so that you do not sustain a loss on your initial investment in the Securities. In addition, through our affiliates, we are likely to modify our hedge position throughout the life of the Securities by purchasing and selling stocks constituting the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index, futures and/or options contracts on the Basket Components or component stocks of the S&P 500<sup>®</sup> Index, the MSCI Europe<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index listed on major securities or commodities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging activities, including by buying any such securities or instruments on the Pricing Date and/or selling such securities or instruments on the Determination Date. As a result, these entities may be unwinding or adjusting hedge positions during the term of the Securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Determination Date approaches. We cannot give any assurance that our hedging activities will not affect the values of the Basket Components, and, therefore, adversely affect the value of the Securities or the payment you will receive at maturity.

Supplemental  
Information  
Concerning

Plan of  
Distribution;  
Conflicts of  
Interest

Under the terms and subject to the conditions contained in the U.S. distribution agreement referred to in the prospectus supplement under “Plan of Distribution (Conflicts of Interest),” the Agent, acting as principal for its own account, has agreed to purchase, and we have agreed to sell, the aggregate principal amount of Securities set forth on the cover of this pricing supplement. The Agent proposes initially to offer the Securities directly to the public at the public offering price set forth on the cover page of this pricing supplement. The Agent may distribute the Securities through Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”), as selected dealer, or other dealers, which may include Morgan Stanley & Co. International plc (“MSIP”) and Bank Morgan Stanley AG. Morgan Stanley Wealth Management, MSIP and Bank Morgan Stanley AG are affiliates of ours. Selected dealers, including Morgan Stanley Wealth Management, and their financial advisors will collectively receive from the Agent, Morgan Stanley & Co. LLC, a fixed sales commission of \$0.225 for each Security they sell. After the initial offering of the Securities, the Agent may vary the offering price and other selling terms from time to time. In addition, Morgan Stanley Wealth Management will receive a structuring fee of \$0.045 for each Security.

PS-31



MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the Securities. When MS & Co. prices this offering of securities, it will determine the economic terms of the Securities such that for each Security the estimated value on the pricing date will be no lower than the minimum level described in “Summary of Pricing Supplement” beginning on PS-3.

In order to facilitate the offering of the Securities, the Agent may engage in transactions that stabilize, maintain or otherwise affect the price of the Securities. Specifically, the Agent may sell more Securities than it is obligated to purchase in connection with the offering, creating a naked short position in the Securities for its own account. The Agent must close out any naked short position by purchasing the Securities in the open market after the offering. A naked short position in the Securities is more likely to be created if the Agent is concerned that there may be downward pressure on the price of the Securities in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the Agent may bid for, and purchase, the Securities, any of the Basket Components or the securities underlying the Basket Components in the open market to stabilize the price of the Securities. Any of these activities may raise or maintain the market price of the Securities above independent market prices or prevent or retard a decline in the market price of the Securities. The Agent is not required to engage in these activities, and may end any of these activities at any time. An affiliate of the Agent has entered into a hedging transaction in connection with this offering of the Securities. See “—Use of Proceeds and Hedging” above.

#### General

No action has been or will be taken by us, the Agent or any dealer that would permit a public offering of the Securities or possession or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus in any jurisdiction, other than the United States, where action for that purpose is required. No offers, sales or deliveries of the Securities, or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus or any other offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on us, the Agent or any dealer.

The Agent has represented and agreed, and each dealer through which we may offer the Securities has represented and agreed, that it (i) will comply with all applicable laws and regulations in force in each non-U.S. jurisdiction in which it purchases, offers, sells or delivers the Securities or possesses or distributes this pricing supplement and the accompanying prospectus supplement, index supplement and prospectus and (ii) will obtain any consent,

approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in each non-U.S. jurisdiction to which it is subject or in which it makes purchases, offers or sales of the Securities. We will not have responsibility for the Agent's or any dealer's compliance with the applicable laws and regulations or obtaining any required consent, approval or permission.

In addition to the selling restrictions set forth in "Plan of Distribution (Conflicts of Interest)" in the accompanying prospectus supplement, the following selling restrictions also apply to the Securities:

#### Brazil

The Securities have not been and will not be registered with the Comissão de Valores Mobiliários (The Brazilian Securities Commission). The Securities may not be offered or sold in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

#### Chile

The Securities have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the Securities or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus, may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations.

#### Mexico

The Securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This pricing supplement, the accompanying prospectus supplement, the accompanying index supplement and the accompanying prospectus may not be publicly distributed in Mexico.

Benefit Plan Investor Considerations	Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in these Securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification
--	---

Edgar Filing: MORGAN STANLEY - Form 424B2

requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the

PS-33

Internal Revenue Code of 1986, as amended (the “Code”), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also “Plans”). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if these Securities are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the Securities are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these “prohibited transaction” rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of these Securities. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the issuer of the Securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than “adequate consideration” in connection with the transaction (the so-called “service provider” exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving these Securities.

Because we may be considered a party in interest with respect to many Plans, these Securities may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing “plan assets” of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of these Securities will be deemed to have represented, in its corporate and

its fiduciary capacity, by its purchase and holding thereof that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such Securities on behalf of or with “plan assets” of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”) or (b) its purchase, holding and disposition of these Securities will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing these Securities on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief.

The Securities are contractual financial instruments. The financial exposure provided by the Securities is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the Securities. The Securities have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the Securities.

Each purchaser or holder of any Securities acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the Securities, (B) the purchaser or holder’s investment in the Securities, or (C) the exercise of or failure to exercise any rights we have under or with respect to the Securities;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the Securities and (B) all hedging transactions in connection with our obligations under the Securities;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of

PS-35

our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of these Securities has exclusive responsibility for ensuring that its purchase, holding and disposition of the Securities do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any of these Securities to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this document is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of the Securities should consult and rely on their own counsel and advisers as to whether an investment in the Securities is suitable.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the Securities if the account, plan or annuity is for the benefit of an employee of Morgan Stanley, Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the Securities by the account, plan or annuity.

Client accounts over which Morgan Stanley, Morgan Stanley Wealth Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the Securities, either directly or indirectly.

United States Federal Taxation      **Prospective investors should note that the discussion under the section called “United States Federal Taxation” in the accompanying prospectus supplement does not apply to the Securities issued under this pricing supplement and is superseded by the following discussion.**

The following is a general discussion of the material U.S. federal income tax consequences and certain estate tax consequences of the ownership and disposition of the Securities. This discussion applies only to investors in the Securities who:

- purchase the Securities in the original offering; and
- hold the Securities as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”).

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules, such as:

PS-36



- certain financial institutions;
- insurance companies;
- certain dealers and traders in securities or commodities;
- investors holding the Securities as part of a “straddle,” wash sale, conversion transaction, integrated transaction or constructive sale transaction;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- regulated investment companies;
- real estate investment trusts; or
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs” as defined in Section 408 or 408A of the Code, respectively.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds the Securities, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding the Securities or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal tax consequences of holding and disposing of the Securities to you.

In addition, we will not attempt to ascertain whether any issuer of any shares to which a Security relates (such shares hereafter referred to as “Underlying Shares”) is treated as a “passive foreign investment company” (“PFIC”) within the meaning of Section 1297 of the Code or as a “U.S. real property holding corporation” (“USRPHC”) within the meaning of Section 897 of the Code. If any issuer of Underlying Shares were so treated, certain adverse U.S. federal income tax

consequences might apply, to a U.S. Holder in the case of a PFIC and to a Non-U.S. Holder (as defined below) in the case of a USRPHC, upon the sale, exchange or settlement of the Securities. You should refer to information filed with the Securities and Exchange Commission or other governmental authorities by the issuers of the Underlying Shares and consult your tax adviser regarding the possible consequences to you if any issuer is or becomes a PFIC or USRPHC.

As the law applicable to the U.S. federal income taxation of instruments such as the Securities is technical and complex, the discussion below necessarily represents only a general summary. Moreover, the effect of any applicable state, local or non-U.S. tax laws is not discussed, nor are any alternative minimum tax consequences or consequences resulting from the Medicare tax on investment income.

PS-37

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date of this pricing supplement, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. Persons considering the purchase of the Securities should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

## **General**

Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the Securities due to the lack of governing authority, in the opinion of our counsel, under current law, and based on current market conditions, a Security should be treated as a single financial contract that is an “open transaction” for U.S. federal income tax purposes.

**Due to the absence of statutory, judicial or administrative authorities that directly address the treatment of the Securities or instruments that are similar to the Securities for U.S. federal income tax purposes, no assurance can be given that the Internal Revenue Service (the “IRS”) or a court will agree with the tax treatment described herein. Accordingly, you should consult your tax adviser regarding all aspects of the U.S. federal tax consequences of an investment in the Securities (including possible alternative treatments of the Securities). Unless otherwise stated, the following discussion is based on the treatment of the Securities as described in the previous paragraph.**

## **Tax Consequences to U.S. Holders**

This section applies to you only if you are a U.S. Holder. As used herein, the term “U.S. Holder” means a beneficial owner of a Security that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

*Tax Treatment of the Securities*

Assuming the treatment of the Securities as set forth above is respected, the following U.S. federal income tax consequences should result.

*Tax Treatment Prior to Settlement.* A U.S. Holder should not be required to recognize taxable income over the term of the

PS-38

Securities prior to settlement, other than pursuant to a sale or exchange as described below.

*Tax Basis.* A U.S. Holder's tax basis in the Securities should equal the amount paid by the U.S. Holder to acquire the Securities.

*Sale, Exchange or Settlement of the Securities.* Upon a sale, exchange or settlement of the Securities, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized on the sale, exchange or settlement and the U.S. Holder's tax basis in the Securities sold, exchanged or settled. Subject to the discussion above regarding the possible application of Section 1297 of the Code, any gain or loss recognized upon the sale, exchange or settlement of the Securities should be long-term capital gain or loss if the U.S. Holder has held the Securities for more than one year at such time, and short-term capital gain or loss otherwise.

***Possible Alternative Tax Treatments of an Investment in the Securities***

Due to the absence of authorities that directly address the proper tax treatment of the Securities, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. In particular, the IRS could seek to analyze the U.S. federal income tax consequences of owning the Securities under Treasury regulations governing contingent payment debt instruments (the "Contingent Debt Regulations"). If the IRS were successful in asserting that the Contingent Debt Regulations applied to the Securities, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue into income original issue discount on the Securities every year at a "comparable yield" determined at the time of their issuance, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of the contingent payment on the Securities. Furthermore, any gain realized by a U.S. Holder at maturity or upon a sale, exchange or other disposition of the Securities would generally be treated as ordinary income, and any loss realized would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount and as capital loss thereafter. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the Securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features.

Other alternative federal income tax treatments of the Securities are also possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Securities. 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; 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 Securities, possibly with retroactive effect. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Securities, including possible alternative treatments and the issues presented by this notice.

### ***Backup Withholding and Information Reporting***

Backup withholding may apply in respect of the payment on the Securities at maturity and the payment of proceeds from a sale, exchange or other disposition of the Securities, unless a U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the U.S. Holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. In addition, information returns may be filed with the IRS in connection with the payment on the Securities and the payment of proceeds from a sale, exchange or other disposition of the Securities, unless the U.S. Holder provides proof of an applicable exemption from the information reporting rules.

### **Tax Consequences to Non-U.S. Holders**

This section applies to you only if you are a Non-U.S. Holder. As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Security that is, for U.S. federal income tax purposes:

- an individual who is classified as a nonresident alien;
- a foreign corporation; or
- a foreign estate or trust.

The term “Non-U.S. Holder” does not include any of the following holders:

- a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes;

PS-40

- certain former citizens or residents of the United States; or
- a holder for whom income or gain in respect of the Securities is effectively connected with the conduct of a trade or business in the United States.

Such holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Securities.

***Tax Treatment upon Sale, Exchange or Settlement of the Securities***

*In general.* Assuming the treatment of the Securities as set forth above is respected, and subject to the discussions below concerning backup withholding and the possible application of Section 871(m) of the Code and the discussion above concerning the possible application of Section 897 of the Code, a Non-U.S. Holder of the Securities generally will not be subject to U.S. federal income or withholding tax in respect of amounts paid to the Non-U.S. Holder.

Subject to the discussions regarding the possible application of Sections 871(m) and 897 of the Code and FATCA, if all or any portion of a Security were recharacterized as a debt instrument, any payment made to a Non-U.S. Holder with respect to the Securities would not be subject to U.S. federal withholding tax, provided that:

- the Non-U.S. Holder does not own, directly or by attribution, ten percent or more of the total combined voting power of all classes of Morgan Stanley stock entitled to vote;
- the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to Morgan Stanley through stock ownership;
- the Non-U.S. Holder is not a bank receiving interest under Section 881(c)(3)(A) of the Code, and
- the certification requirement described below has been fulfilled with respect to the beneficial owner.



*Certification Requirement.* The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a Security (or a financial institution holding a Security on behalf of the beneficial owner) furnishes to the applicable withholding agent an IRS Form W-8BEN (or other appropriate form) on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.

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. Among the issues addressed in the notice is the degree, if any, to which any income with respect to instruments such as the

PS-41

Securities should be subject to U.S. withholding tax. It is possible that any Treasury regulations or other guidance promulgated after consideration of this issue could materially and adversely affect the withholding tax consequences of ownership and disposition of the Securities, possibly on a retroactive basis. Non-U.S. Holders should note that we currently do not intend to withhold on any payment made with respect to the Securities to Non-U.S. Holders (subject to compliance by such holders with the certification requirement described above and to the discussions below regarding Section 871(m) and FATCA). However, in the event of a change of law or any formal or informal guidance by the IRS, the U.S. Treasury Department or Congress, we may decide to withhold on payments made with respect to the Securities to Non-U.S. Holders, and we will not be required to pay any additional amounts with respect to amounts withheld. Accordingly, Non-U.S. Holders should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Securities, including the possible implications of the notice referred to above.

### ***Section 871(m) Withholding Tax on Dividend Equivalents***

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an “Underlying Security”). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a “Specified Security”). However, pursuant to an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2019 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the Securities do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the Securities should not be Specified Securities and, therefore, should not be subject to Section 871(m).

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. If Section 871(m) withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld. You should consult your tax adviser regarding the potential application of Section 871(m) to the Securities.

### ***U.S. Federal Estate Tax***

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual’s gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an

individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty exemption, the Securities may be treated as U.S. situs property subject to U.S. federal estate tax. Prospective investors that are non-U.S. individuals, or are entities of the type described above, should consult their tax advisers regarding the U.S. federal estate tax consequences of an investment in the Securities.

### ***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with the payment on the Securities at maturity as well as in connection with the payment of proceeds from a sale, exchange or other disposition of the Securities. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. Compliance with the certification procedures described above under “ Tax Treatment upon Sale, Exchange or Settlement of the Securities – Certification Requirement” will satisfy the certification requirements necessary to avoid backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

### **FATCA Legislation**

Legislation commonly referred to as “FATCA” generally imposes a withholding tax of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity’s jurisdiction may modify these requirements. FATCA generally applies to certain financial instruments that are treated as paying U.S.-source interest or other U.S.-source “fixed or determinable annual or periodical” income. If the Securities were recharacterized as debt instruments, FATCA would apply to any payment of amounts treated as interest and, for dispositions after December 31, 2018, to payments of gross proceeds of the disposition (including upon retirement) of the Securities. If withholding applies to the Securities, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the potential application of FATCA to the Securities.

**The discussion in the preceding paragraphs , insofar as it purports to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitutes the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal income tax consequences of an investment in the Securities.**