MORGAN STANLEY
Form 424B2
December 21, 2018

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	*Maximum Aggregate Offering Price*	*Amount of Registration Fee*
Market-Linked Notes due 2022	$1,000,000	$121.20

December 2018

Pricing Supplement No. 1,342

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

Dated December 19, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Market-Linked Notes due January 24, 2022

Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index

Fully and Unconditionally Guaranteed by Morgan Stanley

The notes are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The notes will pay no interest and will have the terms described in the accompanying product supplement and prospectus, as supplemented and modified by this document. At maturity, we will pay per note the stated principal amount of $1,000 plus a supplemental redemption amount, if any, based on the value of the underlying index on the determination date. The notes are for investors who are concerned about principal risk but seek an equity index-based return, and who are willing to forgo current income in exchange for the repayment of principal at maturity plus the potential to receive a supplemental redemption amount, if any. The notes 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 notes are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

FINAL Terms	
Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Issue price:	$1,000 per note
Stated principal amount:	$1,000 per note
Aggregate principal amount:	$1,000,000
Pricing date:	December 19, 2018
Original issue date:	December 24, 2018 (3 business days after the pricing date)
Maturity date:	January 24, 2022
Interest:	None
Underlying index:	S&P 500® Daily Risk Control 10% USD Excess Return Index
Payment at maturity:	The payment due at maturity per $1,000 stated principal amount will equal: $1,000 + supplemental redemption amount, if any. *The payment due at maturity will not be less than $1,000 per note regardless of the performance of the underlying index.*
Supplemental redemption amount:	(i) $1,000 times (ii) the index percent change times (iii) the participation rate, provided that the supplemental redemption amount will not be less than $0.
Participation rate:	100%
Maximum payment at maturity:	None
Index percent change:	(final index value – initial index value) / initial index value
Initial index value:	187.308, which is the index closing value on December 18, 2018
Final index value:	The index closing value on the determination date
Determination date:	January 19, 2022, subject to postponement for non-index business days and certain market disruption events
CUSIP:	61768DUX1
ISIN:	US61768DUX10
Listing:	The notes will not be listed on any securities exchange.
Agent:	Morgan Stanley & Co. LLC (“MS & Co.”), an affiliate of MSFL and a wholly owned subsidiary of Morgan

	Stanley. See “Supplemental information regarding plan of distribution; conflicts of interest.”		
Estimated value on the pricing date:	$978.10 per note. See “Investment Summary” beginning on page 2.		
Commissions and issue price:	Price to public	Agent’s commissions[1]	Proceeds to us[2]
Per note	$1,000	$17.50	$982.50
Total	$1,000,000	$17,500	$982,500

(1) Selected dealers and their financial advisors will collectively receive from the agent, Morgan Stanley & Co. LLC, a fixed sales commission of $17.50 for each note they sell. See "Supplemental information regarding plan of distribution; conflicts of interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying product supplement for equity-linked notes.

(2) See "Use of proceeds and hedging" on page 13.

The notes involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 5.

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

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

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

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

Product Supplement for Equity-Linked Notes dated November 16, 2017 **Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

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Investment Summary

Market-Linked Notes

The Market-Linked Notes due January 24, 2022 Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index (the “notes”) offer 100% participation in the positive performance of the underlying index. The notes provide investors:

§ an opportunity to gain exposure to the S&P 500® Daily Risk Control 10% USD Excess Return Index

§ the repayment of principal at maturity, subject to our creditworthiness

§ 100% participation in any appreciation of the underlying index over the term of the notes

§ no exposure to any decline of the underlying index if the notes are held to maturity

At maturity, if the underlying index has depreciated or has not appreciated at all, you will receive the stated principal amount of $1,000 per note, without any positive return on your investment. All payments on the notes, including the repayment of principal at maturity, are subject to our credit risk.

Maturity:	3 years and 1 month
Participation rate:	100%
Interest:	None

The original issue price of each note is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the notes, which are borne by you, and, consequently, the estimated value of the notes on the pricing date is less than $1,000. We estimate that the value of each note on the pricing date is $978.10.

What goes into the estimated value on the pricing date?

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

In determining the economic terms of the notes, including the participation rate, 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 notes 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 notes?

The price at which MS & Co. purchases the notes in the secondary market, absent changes in market conditions, including those related to the underlying index, 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 notes 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 notes in the secondary market, absent changes in market conditions, including those related to the underlying index, 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 notes, and, if it once chooses to make a market, may cease doing so at any time.

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Key Investment Rationale

Market-Linked Notes offer investors exposure to the performance of equities or equity indices and provide for the repayment of principal at maturity. They are for investors who are concerned about principal risk but seek an equity index-based return, and who are willing to forgo yield in exchange for the repayment of principal at maturity plus the potential to receive a supplemental redemption amount, if any, based on the performance of the underlying index.

Repayment of Principal	The notes offer investors 100% upside exposure to the performance of the underlying index, while providing for the repayment of principal in full at maturity.
Upside Scenario	The underlying index increases in value, and, at maturity, the notes pay the stated principal amount of $1,000 plus 100% of the appreciation of the underlying index. There is no limitation on the appreciation potential.
Par Scenario	The underlying index declines or does not appreciate in value, and, at maturity, the notes pay only the stated principal amount of $1,000.

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Hypothetical Payout on the Notes

At maturity, for each $1,000 stated principal amount of notes that you hold, you will receive the stated principal amount of $1,000 *plus* a supplemental redemption amount, if any. The supplemental redemption amount will be calculated on the determination date as follows:

(i) $1,000 times (ii) the index percent change times (iii) the participation rate.

The payment due at maturity will not be less than $1,000 per note regardless of the performance of the underlying index.

The table below illustrates the payment at maturity for each note for a hypothetical range of index percent change and does not cover the complete range of possible payouts at maturity. The table assumes a hypothetical initial index value of 200 and reflects the participation rate of 100%. The actual initial index value is set forth on the cover page of this document.

Index percent change	Final index value	Stated principal amount	Supplemental redemption amount	Payment at maturity	Return on $1,000 note
70.00%	340.00	$1,000	$700.00	$1,700.00	70.00%
60.00%	320.00	$1,000	$600.00	$1,600.00	60.00%
50.00%	300.00	$1,000	$500.00	$1,500.00	50.00%
40.00%	280.00	$1,000	$400.00	$1,400.00	40.00%
30.00%	260.00	$1,000	$300.00	$1,300.00	30.00%
20.00%	240.00	$1,000	$200.00	$1,200.00	20.00%
10.00%	220.00	$1,000	$100.00	$1,100.00	10.00%
0.00%	200.00	$1,000	$0.00	$1,000	0.00%
-10.00%	180.00	$1,000	$0.00	$1,000	0.00%
-20.00%	160.00	$1,000	$0.00	$1,000	0.00%
-30.00%	140.00	$1,000	$0.00	$1,000	0.00%

-40.00%	120.00	$1,000	$0.00	$1,000	0.00%
-50.00%	100.00	$1,000	$0.00	$1,000	0.00%
-60.00%	80.00	$1,000	$0.00	$1,000	0.00%
-70.00%	60.00	$1,000	$0.00	$1,000	0.00%
-80.00%	40.00	$1,000	$0.00	$1,000	0.00%
-90.00%	20.00	$1,000	$0.00	$1,000	0.00%
-100.00%	0.00	$1,000	$0.00	$1,000	0.00%

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Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index

Risk Factors

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

§ **The notes do not pay interest and may not pay more than the stated principal amount at maturity.** If the index percent change is less than or equal to 0%, you will receive only the stated principal amount of $1,000 for each note you hold at maturity. As the notes do not pay any interest, if the underlying index does not appreciate sufficiently over the term of the notes, the overall return on the notes (the effective yield to maturity) may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity. The notes have been designed for investors who are willing to forgo market floating interest rates in exchange for a supplemental redemption amount, if any, based on the performance of the underlying index.

§ **The market price of the notes will be influenced by many unpredictable factors.** Several factors will influence the value of the notes in the secondary market and the price at which MS & Co. may be willing to purchase or sell the notes in the secondary market, including the value of the underlying index at any time and, in particular, on the determination date, the volatility (frequency and magnitude of changes in value) of the underlying index, dividend rate on the stocks underlying the index, interest and yield rates in the market, time remaining until the notes mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying index or equities markets generally and which may affect the final index value of the underlying index and any actual or anticipated changes in our credit ratings or credit spreads. The value of the underlying index may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. See "S&P 500® Daily Risk Control 10% USD Excess Return Index Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per note if you try to sell your notes prior to maturity.

§ **There are risks associated with the underlying index.**

§ *There may be overexposure to the S&P 500® Total Return Index in bear markets or underexposure in bull markets.* The underlying index is designed to achieve a target volatility of 10% regardless of the direction of price movements in the market. Therefore, in bull markets, if realized volatility is higher than target volatility, the underlying index will be exposed to less than the full gains in the S&P 500® Total Return Index and the underlying index will experience lower returns than the S&P 500® Total Return Index. In contrast, if realized volatility is less than target volatility in a bear market, the underlying index will be exposed to more than 100% of the losses in the S&P 500® Total Return Index and the underlying index will experience lower returns than the S&P 500® Total Return Index. In fact, the underlying index has historically underperformed the S&P 500® Total Return Index in bull markets. See "S&P 500® Daily Risk Control 10% USD Excess Return Index Overview" beginning on page 8.

§ *Low volatility in the underlying index is not synonymous with low risk in an investment linked to the underlying index.* For example, even if the volatility of the underlying index over the term of the notes was in line with the target volatility of 10%, the underlying index may decrease over time, which would result in you receiving only the stated principal amount of your notes at maturity.

§ *The index may not outperform the S&P 500® Total Return Index.* The index employs a mathematical algorithm intended to control the level of risk taken with respect to the S&P 500® Total Return Index by allocating its exposure to the S&P 500® Total Return Index in a manner designed to maintain the target volatility of 10%. No assurance can be given that this strategy will be successful or that the underlying index will outperform the S&P 500® Total Return Index.

§ *The index will not have an actual volatility of 10%.* Volatility is measured on a historical basis and adjustments to the exposure in the S&P 500® Total Return Index are made on a daily basis, principally based upon recent realized volatility of the S&P 500® Total Return Index, with a two-day lag between the leverage factor's calculation and its implementation (a leverage factor adjustment applied to the underlying index at the close of business on the second day will effectively be applied at the opening of the next day). Due to this lag and because volatility can fluctuate significantly during this period, and even during a single day, the underlying index will not reflect the most current volatility of the S&P 500® Total Return Index and so will not have an actual volatility of 10% at any given time. In addition, the exposure of the underlying index to the S&P 500® Total Return Index is subject to a leverage factor cap of 150%, which may limit the ability of the underlying index to fully participate in the appreciation of the S&P 500® Total Return Index during times of low volatility when achieving a target volatility of 10% would require a leverage factor in excess of 150%. Therefore, the underlying index will not achieve actual volatility of 10% at any time.

§ *Controlled volatility does not mean the underlying index will have lower volatility than the S&P 500® Total Return Index.* The index does not necessarily have lower volatility than the S&P 500® Total Return Index. The realized volatility of the S&P 500® Total Return Index may be less than the target volatility of 10% over extended periods of time, in which case

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the exposure of the underlying index will be adjusted upwards in an attempt to raise its volatility to 10%. In this case, the result would be that the underlying index is more volatile than the S&P 500® Total Return Index.

§ *The returns will be reduced by borrowing costs*. As an "excess return" index, the underlying index represents returns made entirely with borrowed money. The index returns are therefore reduced by the cost of borrowing, the effect of which increases as leverage increases and/or if interest rates increase. The cost of borrowing is ignored when determining how much money to borrow, even if a prudent investor would choose not to borrow money to invest in the S&P 500® Total Return Index at such time. The cost of borrowing will reduce the underlying index returns in all cases, whether the underlying index appreciates or depreciates.

§ *Historical performance of the underlying index and the S&P 500® Total Return Index should not be taken as an indication of the future performance of the underlying index or the S&P 500® Total Return Index*. The future performance of the underlying index and the S&P 500® Total Return Index may bear little relation to the historical performance of the underlying index and the S&P 500® Total Return Index. The trading prices of the common stocks underlying the S&P 500® Total Return Index and the dividends paid on those common stocks will determine the level of the S&P 500® Total Return Index, and thus the volatility of the S&P 500® Total Return Index. The level and volatility of the S&P 500® Total Return Index and U.S. overnight LIBOR will determine the level of the underlying index. As a result, it is impossible to predict whether the level of the underlying index or the S&P 500® Total Return Index will rise or fall.

§ *The index has a limited operating history and may perform in unanticipated ways*. The index has a limited operating history, and so the retrospective historical performance prior to the establishment of the underlying index must be considered illustrative only. For this and other reasons, the historical comparison of the underlying index to the S&P 500® Total Return Index may not reflect future performance, and no assurance can be given as to the level of the underlying index at any time.

§ **The notes 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 notes.** You are dependent on our ability to pay all amounts due on the notes at maturity and therefore you are subject to our credit risk. The notes are not guaranteed by any other entity. If we default on our obligations under the notes, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the notes 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 notes.

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

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

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

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

However, because the costs associated with issuing, selling, structuring and hedging the notes 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 notes in the secondary market, absent changes in market conditions, including those related to the underlying index, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

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

§ **Adjustments to the underlying index could adversely affect the value of the notes**. The publisher of the underlying index can add, delete or substitute the stocks underlying the index, and can make other methodological changes required by certain events relating to the underlying stocks, such as stock dividends, stock splits, spin-offs, rights offerings and extraordinary dividends, that could change the value of the underlying index. Any of these actions could adversely affect the value of the notes. The publisher of the underlying index may also discontinue or suspend calculation or publication of the underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued index. MS & Co. could have an economic interest that is different than that of investors in the notes insofar as, for example, MS & Co. 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 on such determination date, the index closing value on the determination date will be an amount based on the values of the stocks underlying the discontinued index at the time of such discontinuance, without rebalancing or substitution, computed by MS & Co, as calculation agent, in accordance with the formula for calculating the index closing value last in effect prior to discontinuance of the underlying index.

§ **Investing in the notes is not equivalent to investing in the underlying index.** Investing in the notes is not equivalent to investing in the underlying index or its component stocks. As an investor in the notes, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index. See “Hypothetical Payout on the Notes” above.

§ **The notes will not be listed on any securities exchange and secondary trading may be limited. Accordingly, you should be willing to hold your notes for the entire 3-year term of the notes.** The notes will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the notes. MS & Co. may, but is not obligated to, make a market in the notes 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 notes, 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 notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Since other broker-dealers may not participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes 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 notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the notes.** As calculation agent, MS & Co. has determined the initial index value, will determine the final index value and will calculate the amount of cash you will receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the index closing value in the event of a discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see “Description of Equity-Linked Notes—Supplemental Redemption Amount,” “—Calculation Agent and Calculations,” “—Alternate Exchange Calculation in the Case of an Event of Default” and “—Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement for equity-linked notes. In addition, MS & Co. has determined the estimated value of the notes on the pricing date.

§ **Hedging and trading activity by our affiliates could potentially adversely affect the value of the notes.** One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the notes (and to other instruments linked to the underlying index or its component stocks), including trading in the stocks that constitute the underlying index as well as in other instruments related to the underlying index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, 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 underlying index and other financial instruments related to the underlying index on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to December 18, 2018 could have increased the initial index value, and, therefore, could have increased the value at or above which the underlying index must close on the determination date before you would receive at maturity a payment that exceeds the stated principal amount of the notes. Additionally, such hedging or trading activities during the term of the notes, including on the determination date, could adversely affect the closing value of the underlying index on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.

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Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index

S&P 500® Daily Risk Control 10% USD Excess Return Index Overview

The S&P 500® Daily Risk Control 10% USD Excess Return Index is intended to provide investors with exposure to a broad performance benchmark for the U.S. equity markets through the S&P 500® Total Return Index while attempting to provide greater stability and lower overall risk of large fluctuations in the underlying index's performance as compared to the S&P 500® Total Return Index through the use of a volatility target. As an "excess return" index, the underlying index represents an unfunded investment in the S&P 500® Total Return Index made through the use of a hypothetical cash fund at a borrowing rate of U.S. overnight LIBOR, or the "borrowing cost component." The calculation of the return of the underlying index reflects the borrowing cost component. The underlying index's notional investment in the S&P 500® Total Return Index is based on a leverage factor, which can increase or decrease the underlying index's exposure to the S&P 500® Total Return Index, depending on the observed volatility in the S&P 500® Total Return Index. For additional information about the S&P 500® Daily Risk Control 10% USD Excess Return Index, see the information set forth under "Annex A—S&P 500® Daily Risk Control 10% USD Excess Return Index" below.

Hypothetical Retrospective and Historical Information

The inception date for the underlying index was May 3, 2013. The information regarding the underlying index prior to May 3, 2013 is a hypothetical retrospective simulation calculated by the underlying index publisher, using the same methodology as is currently employed for calculating the underlying index based on historical data. A retrospective simulation means that no actual investment which allowed a tracking of the performance of the underlying index existed at any time during the period of the retrospective simulation. Therefore, information regarding the underlying index prior to May 3, 2013 is hypothetical only and does not reflect actual historical performance. Investors should be aware that no actual investment which allowed a tracking of the performance of the underlying index was possible at any time prior to May 3, 2013. Such data must be considered illustrative only.

You should not take the historical or hypothetical retrospective values of the underlying index as an indication of its future performance.

Information as of market close on December 19, 2018:

Bloomberg Ticker Symbol:	SPXT10UE
Current Index Value:	185.953
52 Weeks Ago:	192.590
52 Week High (on 1/26/2018):	212.059
52 Week Low (on 12/19/2018):	185.953

The following graph sets forth the hypothetical retrospective and historical daily closing values of the underlying index for the period from January 1, 2013 through December 19, 2018. The related table sets forth the hypothetical retrospective and historical high and low closing values, as well as end-of-quarter closing values, of the underlying index for each quarter in the same period. The index closing value of the underlying index on December 19, 2018 was 185.953. **The underlying index was established on May 3, 2013. The information prior to May 3, 2013 is a hypothetical retrospective simulation calculated by the underlying index publisher and must be considered illustrative only.**

S&P 500® Daily Risk Control 10% USD Excess Return Index Daily Index Closing Values

January 1, 2013 to December 19, 2018

Morgan Stanley Finance LLC

Market-Linked Notes due January 24, 2022

Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index

S&P 500® Daily Risk Control 10% USD Excess Return Index	High	Low	Period End
2013			
First Quarter	119.220	111.875	119.220
Second Quarter	125.085	117.493	121.191
Third Quarter	128.438	121.576	125.358
Fourth Quarter	137.073	123.479	137.073
2014			
First Quarter	137.430	129.882	137.247
Second Quarter	143.761	133.620	143.614
Third Quarter	147.717	139.999	144.415
Fourth Quarter	148.570	137.839	147.024
2015			
First Quarter	150.029	143.924	147.449
Second Quarter	151.375	146.714	147.107
Third Quarter	151.151	134.640	137.331
Fourth Quarter	143.972	137.454	141.475
2016			
First Quarter	141.922	133.205	141.744
Second Quarter	145.240	137.668	142.441
Third Quarter	146.482	142.098	144.637
Fourth Quarter	152.429	139.515	150.127
2017			
First Quarter	164.299	151.52	161.338
Second Quarter	169.733	158.110	166.684
Third Quarter	175.082	165.584	175.082
Fourth Quarter	193.534	176.025	191.758
2018			
First Quarter	212.059	191.430	193.753
Second Quarter	200.410	191.780	196.533
Third Quarter	211.181	196.205	209.693
Fourth Quarter (through December 19, 2018)	210.668	185.953	185.953

The underlying index was established on May 3, 2013. The information prior to May 3, 2013 is a hypothetical retrospective simulation calculated by the underlying index publisher and must be considered illustrative only.

The following graph compares the performance of the underlying index and the S&P 500® Total Return Index for the period from January 1, 2013 through December 19, 2018, assuming a closing value of 1,000 for both the underlying index and the S&P 500® Total Return Index as of January 1, 2013.

S&P 500® Daily Risk Control 10% USD Excess Return Index

and S&P 500® Total Return Index

January 1, 2013 to December 19, 2018

*** The red vertical line indicates May 3, 2013, which is the date on which the underlying index was established.**

Morgan Stanley Finance LLC

Market-Linked Notes due January 24, 2022

Based on the Value of the S&P 500® Daily Risk Control 10% USD Excess Return Index

Additional Terms of the Notes

Please read this information in conjunction with the summary terms on the front cover of this document.

Additional Terms:

If the terms described herein are inconsistent with those described in the accompanying product supplement or prospectus, the terms described herein shall control.

Underlying index publisher:	S&P Dow Jones Indices LLC, or any successor thereof
Denominations:	$1,000 and integral multiples thereof
Interest:	None
Bull or bear notes:	Bull notes
Call right:	The notes are not callable prior to the maturity date
Postponement of maturity date:	If the determination date is postponed so that it falls less than two business days prior to the scheduled maturity date, the maturity date will be postponed to the second business day following the determination date as postponed.
Equity-linked notes:	All references to "equity-linked notes" or related terms in the accompanying product supplement for equity-linked notes shall be deemed to refer to market-linked notes when read in conjunction with this document.
Trustee:	The Bank of New York Mellon
Calculation agent:	MS & Co.
Issuer notice to registered note holders, the trustee and the depositary:	In the event that the maturity date is postponed due to postponement of the determination date, the issuer shall give notice of such postponement and, once it has been determined, of the date to which the maturity date has been rescheduled (i) to each registered holder of the notes by mailing notice of such postponement by first class mail, postage prepaid, to such registered holder's last address as it shall appear upon the registry books, (ii) to the trustee by facsimile, confirmed by mailing such notice to the trustee by first class mail, postage prepaid, at its New York office and (iii) to The Depository Trust Company (the "depositary") by telephone or facsimile, confirmed by mailing such notice to the depositary by first class mail, postage prepaid. Any notice that is mailed to a registered holder of the notes in the manner herein provided shall be conclusively presumed to have been duly given to such registered holder, whether or not such registered holder receives the notice. The issuer shall give such notice as promptly as possible, and in no case later than (i) with respect to notice of postponement of the maturity date, the business day immediately preceding the scheduled maturity date, and (ii) with respect to notice

of the date to which the maturity date has been rescheduled, the business day immediately following the actual determination date for determining the final index value.

The issuer shall, or shall cause the calculation agent to, (i) provide written notice to the trustee at its New York office, on which notice the trustee m