

MORGAN STANLEY
Form 424B2
October 15, 2018

CALCULATION OF REGISTRATION FEE

<i>Title of Each Class of Securities Offered</i>	<i>Maximum Aggregate Offering Price</i>	<i>Amount of Registration Fee</i>
Equity-Linked Partial Principal at Risk Securities due 2022	\$570,000	\$69.08

October 2018

Pricing Supplement No. 1,089

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

Dated October 11, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Equity-Linked Partial Principal at Risk Securities due October 14, 2022

Fully and Unconditionally Guaranteed by Morgan Stanley

Based on the Performance of a Basket Consisting of Two Indices and an Exchange-Traded Fund

The Equity-Linked Partial Principal at Risk Securities, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities will pay no interest, provide for a minimum payment amount of only 95% of principal at maturity and have the terms described in the accompanying prospectus supplement, index supplement and prospectus, as supplemented and modified by this document. At maturity, if the basket of two indices and an exchange-traded fund has appreciated in value, investors will receive the stated principal amount of \$1,000 plus a supplemental redemption amount, if any, based on the closing value of the basket on the determination date. However, if at maturity the basket has depreciated in value, investors will lose 1% for every 1% decline of the final basket closing value from the initial basket value, subject to the minimum payment amount. **Investors may lose up to 5% of the stated principal amount of the securities.** The securities are for investors who are concerned about principal risk, but seek a return based on a basket of equity components, and who are willing to risk 5% of their principal and to forgo current income in exchange for the repayment of at least 95% of principal at maturity plus the potential to receive a supplemental redemption amount, if any. The securities are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

All payments on the securities, including the payment of the minimum payment amount at maturity, are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These securities are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

FINAL TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Issue price:	\$1,000 per security (see “Commissions and issue price” below)
Stated principal amount:	\$1,000 per security
Aggregate principal amount:	\$570,000
Pricing date:	October 11, 2018
Original issue date:	October 16, 2018 (3 business days after the pricing date)
Maturity date:	October 14, 2022
Interest:	None

Basket: Basket component*	Ticker symbol*	Basket component weighting	Initial basket component value	Multiplier
S&P 500 [®] Index (the “SPX Index”)	SPX	50%	2,728.37	0.018325960
EURO STOXX [®] Select Dividend 30 Index (the “SD3E Index”)	SD3E	30%	1,896.34	0.015819948
Shares of the iShares [®] MSCI Emerging Markets ETF (the “EEM Shares”)	EEM UP	20%	\$39.14	0.510986203

The payment due at maturity per \$1,000 stated principal amount will equal:

- If the final basket closing value is greater than the initial basket value:

\$1,000 + supplemental redemption amount, if any.

- If the final basket closing value is *less than or equal to* the initial basket value:

\$1,000 x (final basket closing value / initial basket value), subject to the minimum payment amount

Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000 per security by an amount that is proportionate to the percentage decline of the basket. However, under no circumstances will the payment due at maturity be less than the minimum payment amount of \$950 per security.

Supplemental redemption amount: (i) \$1,000 *times* (ii) the basket percent change *times* (iii) the participation rate, *provided* that the supplemental redemption amount will not be less than \$0.

Minimum payment amount: \$950 per security (95% of the stated principal amount)

Participation rate: 120%

Maximum payment at maturity: None

Basket percent change: (final basket closing value – initial basket value) / initial basket value

Listing: The securities will not be listed on any securities exchange.

Terms continued on the following page

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: \$977.50 per security. See “Investment Summary” on page 3.

		Agent’s	
Commissions and issue price:	Price to public	commissions	Proceeds to us⁽²⁾
		and fees⁽¹⁾	
Per security	\$1,000	\$10	\$990
Total	\$570,000	\$5,700	\$564,300

Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$10 for each security they sell. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement.

(2) See “Use of proceeds and hedging” on page 26.

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 7.

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

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

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

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

Prospectus Supplement dated November 16, 2017

Index Supplement dated November 16, 2017 Prospectus dated November 16, 2017

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Terms continued from previous page:

Initial basket value:	The initial basket value is 100, which is equal to the sum of the products of (i) the initial basket component value of each basket component, as set forth under “Basket—Initial basket component value” above, and (ii) the multiplier for such basket component, as set forth under “Basket—Multiplier” above, each as determined on the pricing date.
Final basket closing value:	The basket closing value on the determination date
Determination date:	October 11, 2022, subject to postponement for non-index business days or non-trading days, as applicable, and certain market disruption events
Basket closing value:	On any date, the sum of the products of (i) the basket component closing value of each basket component on such date, and (ii) the multiplier for such basket component. In the case of each underlying index, on any index business day, the index closing value as
Basket component closing value:	published by the relevant index publisher. In the case of the underlying shares, on any trading day, the closing price of one share of the underlying shares on such day times the adjustment factor for the underlying shares on such day.
Multiplier:	The multiplier for each basket component was set on the pricing date so that each basket component represents its applicable basket component weighting in the predetermined initial basket value of 100. Each multiplier will remain constant for the term of the securities.
Adjustment factor:	With respect to the underlying shares, 1.0, subject to adjustment for certain events affecting the underlying shares.
CUSIP:	61768DHP3
ISIN:	US61768DHP33

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Investment Summary

Equity-Linked Partial Principal at Risk Securities

The Equity-Linked Partial Principal at Risk Securities due October 14, 2022 Based on a Basket Consisting of Two Indices and an Exchange-Traded Fund (the “securities”) offer the potential for a supplemental redemption amount at maturity based on the closing value of a basket of two indices and an exchange-traded fund on the determination date while maintaining 1:1 downside exposure to any depreciation of the basket, subject to the minimum payment amount at maturity of \$950 per security.

At maturity, if the final basket closing value is **greater than** the initial basket value, the securities will pay the stated principal amount of \$1,000 plus a supplemental redemption amount. The supplemental redemption amount provides 120% upside participation (e.g., if the basket appreciates 10% from the initial basket value to the final basket closing value, the investor receives 100% of principal plus 12% at maturity) in the performance of the basket. If the final basket closing value is **equal to or less than** the initial basket value, the payment at maturity per security will be equal to or less than the \$1,000 principal amount by an amount proportionate to the decline in the basket as of the determination date, subject to the minimum payment amount of \$950 per security. The securities do not pay interest, and all payments on the securities, including the payment of the minimum payment amount at maturity, are subject to our credit risk.

Maturity:	Approximately 4 years
Minimum payment amount:	\$950 per security (95% of the stated principal amount). You could lose up to 5% of the stated principal amount of the securities.
Participation rate:	120%
Interest:	None

Morgan Stanley clients may contact their local Morgan Stanley branch office or our 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.

The original issue price of each security is \$1,000. This price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date is less than \$1,000. We estimate that the value of each security on the pricing date is \$977.50.

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 minimum payment amount and 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 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?

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The price at which MS & Co. purchases the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the securities, and, if it once chooses to make a market, may cease doing so at any time.

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Key Investment Rationale

The securities offer investors exposure to the performance of a basket composed of the S&P 500[®] Index, the EURO STOXX[®] Select Dividend 30 Index and shares of the iShares[®] MSCI Emerging Markets ETF, while providing for a minimum repayment of 95% of the stated principal amount if the securities are held to maturity, in exchange for forgoing current income and interest. They are for investors who are concerned about principal risk, but seek a return based on a basket of equity components, and who are willing to risk 5% of their principal and to forgo current income in exchange for the repayment of at least 95% of principal at maturity plus the potential to receive a supplemental redemption amount, if any.

**Minimum Payment
Amount of 95% of
Principal at Maturity**

The securities provide for the minimum payment amount of 95% of principal if held to maturity, subject to our creditworthiness.

Upside Scenario

The basket closing value on the determination date is greater than the initial basket value of 100, and, at maturity, the securities pay the stated principal amount of \$1,000 *plus* 120% of the positive percent change from the initial basket value to the final basket closing value. There is no limitation on the appreciation potential.

Downside Scenario

The final basket closing value is less than the initial basket value, and, at maturity, the securities redeem for less than the \$1,000 stated principal amount by an amount proportionate to the decline in the value of the basket, subject to the minimum payment amount of \$950 per security (95% of the stated principal amount).

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How the Securities Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the securities, based on the following terms:

Stated principal amount:	\$1,000 per security
Participation rate:	120%
Minimum payment amount	\$950 per security (95% of the stated principal amount)

Payoff Diagram

How it works

Upside Scenario. If the final basket closing value is **greater than** the initial basket value, investors would receive the \$1,000 stated principal amount plus 120% participation in the appreciation of the basket.

- o If the basket appreciates 10%, investors would receive a 12% return, or \$1,120 per security.

Par or Downside Scenario. If the final basket closing value is **less than or equal to** the initial basket value, investors would receive an amount less than or equal to the \$1,000 stated principal amount, based on a 1% loss of principal for each 1% decline in the basket over the term of the securities, subject to the minimum payment amount of \$950 per security.

If the basket depreciates 1.50% from the initial basket value to the final basket closing value, investors would lose 1.50% of their principal and receive only \$985 per security at maturity, or 98.50% of the stated principal amount.

If the basket depreciates 50% from the initial basket value to the final basket closing value, investors would receive the minimum payment amount of \$950 per security at maturity, or 95% of the stated principal amount.

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Risk Factors

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

The securities do not pay interest and provide for a minimum payment amount of only 95% of principal. The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest and provide for a minimum payment amount of only 95% of principal at maturity. If the basket has depreciated over the § term of the securities, the payout at maturity will be an amount in cash that is less than the \$1,000 stated principal amount of each security by an amount proportionate to the decrease in the value of the basket, subject to the minimum payment amount of \$950 per security (95% of the stated principal amount). **You could lose up to 5% of your investment in the securities.**

Changes in the value of the basket components may offset each other. Movements in the levels of the basket components may not correlate with each other. At a time when the level of one basket component increases, the levels of the other basket components may decline in value. Therefore, in calculating the payment at maturity, increases in the level of one basket component may be moderated, or wholly offset, by declines in the levels of the other basket components. Furthermore, the basket components do not have the same basket component weightings. § The SPX Index is weighted at 50%, the SD3E Index is weighted at 30% and the EEM Shares are weighted at 20% of the basket. Therefore, the same percentage change over the term of the securities in each of the basket components would have different effects on the basket performance. A decrease in the value of a more heavily weighted basket component could moderate, offset or more than offset an increase in the value of a less heavily weighted basket component. For example, because the weighting of the SPX Index is significantly greater than the weighting of the EEM Shares, a 5% decrease in the value of the SPX Index will more than offset a 9% increase in the value of the EEM Shares, which has a lower weighting.

§ **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 values of the basket components at any time, the volatility (frequency and magnitude of changes in value) of the underlying indices, dividend rate on the stocks underlying the basket components, interest and yield rates in the market, time remaining until the securities mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying indices or equities markets generally and which may affect the closing values of the underlying indices on the determination date and the actual or anticipated changes in our credit ratings or credit spreads. The values of the underlying indices may be, and have recently been, volatile, and we can give you no

assurance that the volatility will lessen. See “Historical Information” below. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to maturity.

The payment at maturity is based on the price performance of the underlying indices. Unlike “total return” indices, which would reflect dividends paid on the stocks that constitute the indices in addition to reflecting changes in the market prices of such stocks, the underlying indices are price-return indices. The performance of the underlying indices will therefore not reflect dividends paid on their component stocks. Moreover, although the SD3E Index tracks the performance of high dividend-yielding companies, such dividend payments are excluded in § measuring the SD3E Index’s performance, and the return on the securities will not include any dividends paid on the stocks that constitute any underlying index. The value of an underlying index may decline over the term of the securities even if, when distributions of dividend payments are taken into account, a direct investment in the stocks constituting such underlying index would have realized an overall positive return over the same period. The return on the securities will not include a total return feature.

There are risks associated with investments in securities linked to the value of foreign (and especially § emerging markets) equity securities. The securities are linked to the value of foreign equity securities. In

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In addition, the price of the EEM Shares tracks the performance of the MSCI Emerging Markets IndexSM, which measures the value of emerging markets 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. In addition, the stocks included in the MSCI Emerging Markets IndexSM and that are generally tracked by the EEM Shares have been issued by companies in various emerging markets countries, which pose further risks in addition to the risks associated with investing in foreign equity markets generally. Countries with emerging markets may have relatively unstable governments, may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and may have less protection of property rights than more developed countries. The economies of countries with emerging markets may be based on only a few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. 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 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 subject to currency exchange risk. Because the price of the EEM Shares tracks the performance of the MSCI Emerging Markets IndexSM, holders of the securities will be exposed to currency exchange rate risk with respect to each of the currencies in which such component securities trade. Exchange rate movements for a particular currency are volatile and are the result of numerous factors including the supply of, and the demand for, those currencies, as well as relevant government policy, intervention or actions, but are also influenced significantly § from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to the relevant region. An investor's net exposure will depend on the extent to which the currencies of the component securities strengthen or weaken against the U.S. dollar and the relative weight of each security. If, taking into account such weighting, the dollar strengthens against the currencies of the component securities represented in the EEM Shares, the price of the EEM Shares will be adversely affected and the payment at maturity on the securities may be reduced.

Of particular importance to potentially currency exchange risk are:

- o existing and expected rates of inflation;

o existing and expected interest rate levels;

o the balance of payments; and

o the extent of governmental surpluses or deficits in the countries represented in the MSCI Emerging Markets IndexSM and the United States.

All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of various countries represented in the MSCI Emerging Markets IndexSM and the United States and other countries important to international trade and finance.

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

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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.

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

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

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.

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.

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. 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

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any exists) at any time. The value of your securities 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 securities will be influenced by many unpredictable factors” above.

Adjustments to an underlying index could adversely affect the value of the securities. The index publisher of each underlying index can add, delete or substitute the stocks underlying such underlying index, and can make other methodological changes that could change the value of such underlying index. Any of these actions could adversely affect the value of the securities. In addition, the index publisher of an underlying index may discontinue or suspend calculation or publication of such 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 underlying 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 on the determination date, the basket component closing value on the determination date will be an amount based on 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 basket component closing value last in effect prior to discontinuance of the index.

Adjustments to the underlying shares or to the MSCI Emerging Markets IndexSM could adversely affect the value of the securities. The investment adviser to the EEM Shares seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Emerging Markets IndexSM. Pursuant to its investment strategy or otherwise, the investment adviser may add, delete or substitute the components of the underlying shares. Any of these actions could adversely affect the price of the underlying shares and, consequently, the value of the securities. In addition, the publisher of the share underlying index is responsible for calculating and maintaining the share underlying index. The index publisher may add, delete or substitute the stocks constituting the share underlying index or make other methodological changes that could change the value of the share underlying index. The index publisher may also discontinue or suspend calculation or publication of a share underlying index at any time. If this discontinuance or suspension occurs following the termination of the underlying shares, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued share underlying index, and is permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates. Any of these actions could adversely affect the values of the underlying shares and, consequently, the value of the securities.

§ The performance and market price of the EEM Shares, particularly during periods of market volatility, may not correlate with the performance of the share underlying index, the performance of the component securities of the share underlying index or the net asset value per share of the EEM Shares. The EEM Shares do not fully replicate the MSCI Emerging Markets IndexSM (the “share underlying index”) and may hold securities that are different than those included in the share underlying index. In addition, the performance of the EEM Shares will reflect additional transaction costs and fees that are not included in the calculation of the share underlying index. All of these factors may lead to a lack of correlation between the performance of EEM Shares and the share underlying

index. In addition, corporate actions (such as mergers and spin-offs) with respect to the equity securities underlying the EEM Shares may impact the variance between the performances of the EEM Shares and the share underlying index. Finally, because the shares of the EEM Shares are traded on an exchange and are subject to market supply and investor demand, the market price of one share of the EEM Shares may differ from the net asset value per share of the EEM Shares.

In particular, during periods of market volatility, or unusual trading activity, trading in the securities underlying the EEM Shares may be disrupted or limited, or such securities may be unavailable in the secondary market. Under these circumstances, the liquidity of the EEM Shares may be adversely affected, market participants may be unable to calculate accurately the net asset value per share of the EEM Shares, and their ability to create and redeem shares of the EEM Shares may be disrupted. Under these circumstances, the market price of shares of the EEM Shares may vary substantially from the net asset value per share of the EEM Shares or the level of the share underlying index.

For all of the foregoing reasons, the performance of the EEM Shares may not correlate with the performance of the share underlying index, the performance of the component securities of the share underlying index or the net

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asset value per share of the EEM Shares. Any of these events could materially and adversely affect the price of the shares of the EEM Shares and, therefore, the value of the securities. Additionally, if market volatility or these events were to occur on the determination date, the calculation agent would maintain discretion to determine whether such market volatility or events have caused a market disruption event to occur, and such determination may affect the payment at maturity of the securities. If the calculation agent determines that no market disruption event has taken place, the payment at maturity would be based solely on the published closing price per share of the EEM Shares on the determination date, even if the EEM Shares' shares are underperforming the share underlying index or the component securities of the share underlying index and/or trading below the net asset value per share of the EEM Shares.

The antidilution adjustments the calculation agent is required to make do not cover every event that could affect the underlying shares. MS & Co., as calculation agent, will adjust the adjustment factor for certain events § affecting the underlying shares. However, the calculation agent will not make an adjustment for every event that could affect the underlying shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the market price of the securities may be materially and adversely affected.

Investing in the securities is not equivalent to investing in the basket components; you have no shareholder or other rights in the basket components and are exposed to our credit risk. Investing in the securities is not § equivalent to investing in the basket components. As an investor in the securities, you will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to the component stocks of either basket component. Furthermore, investing in the securities is not equivalent to investing in the basket components or their component stocks. In addition, you are subject to our credit risk.

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. 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.

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The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities. As calculation agent, MS & Co. has determined the initial basket component value and multiplier for each basket component, will determine the final basket closing value and the basket percent change 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, any adjustments to the adjustment factor and the selection of a successor basket component or calculation of the basket closing value in the event of a discontinuance of any basket component or a market disruption event with respect to any basket component. These potentially subjective determinations may affect the payout to you at maturity. For further information regarding these types of determinations, see “Additional Information About the Securities—Additional Provisions—Calculation agent,” “—Adjustment factor,” “—Antidilution adjustments,” “—Index closing price,” “—Market disruption event” “—Discontinuance of the SPX Index or the SD3E Index; alteration of method of calculation,” “—Discontinuance of the EEM Shares and/or the share underlying index; alteration of method of calculation,” “—Alternate exchange calculation in case of an event of default” and related definitions below. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

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Hedging and trading activity by our affiliates could potentially adversely affect the value of the securities. 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 securities (and to other instruments linked to the basket components or the component stocks of the underlying indices or share underlying index), including trading in the underlying shares or the component stocks of the underlying indices or the share underlying index and in other instruments related to the underlying indices. 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 underlying shares or the component stocks of the underlying indices or the share underlying index 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 have increased the initial basket component values, and, therefore, could have increased the values at or above which the underlying indices must close on the determination date so that investors do not suffer a loss on their initial investment in the securities. Additionally, such hedging or trading activities during the term of the securities, including on the determination date, could adversely affect the closing values of the underlying indices on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.

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Basket Overview

S&P 500® Index

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

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

EURO STOXX® Select Dividend 30 Index

The EURO STOXX® Select Dividend 30 Index is a price-return index that tracks the performance of the highest-dividend-yielding stocks across 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Although the EURO STOXX® Select Dividend 30 Index tracks the performance of high-dividend-yielding companies, it is a price-return index and, therefore, the return on the EURO STOXX® Select Dividend 30 Index will not include any dividends paid on the securities that make up the EURO STOXX® Select Dividend 30 Index. The EURO STOXX® Select Dividend 30 Index is reported by Bloomberg L.P. under the ticker symbol "SD3E." For additional information about the EURO STOXX® Select Dividend 30 Index, see the information set forth under "Annex A—The EURO STOXX® Select Dividend 30 Index" below.

iShares® MSCI Emerging Markets ETF. The iShares® MSCI Emerging Markets ETF is an exchange-traded fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Emerging Markets Index®. The iShares® MSCI Emerging Markets ETF is managed by iShares®, Inc. ("iShares"), a registered investment company that consists of numerous separate investment portfolios, including the iShares® MSCI Emerging Markets ETF. Information provided to or filed with the Securities and Exchange

Commission (the "Commission") by iShares pursuant to the Securities Act of 1933 and the Investment Company Act of 1940 can be located by reference to Commission file numbers 033-97598 and 811-09102, respectively, through the Commission's website at www.sec.gov. In addition, information may be obtained from other publicly available sources. We make no representation or warranty as to the accuracy or completeness of such information.

The MSCI Emerging Markets IndexSM. The MSCI Emerging Markets IndexSM is a stock index calculated, published and disseminated daily by MSCI Inc. and is intended to provide performance benchmarks for certain emerging equity markets including Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The MSCI Emerging Markets IndexSM is described in "MSCI Emerging Markets IndexSM" and "MSCI Global Investable Market Indices Methodology" in the accompanying index supplement.

This document relates only to the securities referenced hereby and does not relate to the underlying shares. We have derived all disclosures contained in this document regarding iShares from the publicly available documents described above. In connection with the offering of the securities, neither we nor the agent has participated in the preparation of such documents or made any due diligence inquiry with respect to iShares. Neither we nor the agent makes any representation that such publicly available documents or any other publicly available information regarding iShares is accurate or complete. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described above) that would affect the trading price of the underlying shares (and therefore the price of the underlying shares at the time we priced the securities) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning iShares could affect the value received at maturity with respect to the securities and therefore the value of the securities.

Neither we nor any of our affiliates makes any representation to you as to the performance of the underlying shares.

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We and/or our affiliates may presently or from time to time engage in business with iShares. In the course of such business, we and/or our affiliates may acquire non-public information with respect to iShares, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the underlying shares. The statements in the preceding two sentences are not intended to affect the rights of investors in the securities under the securities laws. As a purchaser of the securities, you should undertake an independent investigation of iShares as in your judgment is appropriate to make an informed decision with respect to an investment linked to the underlying shares.

iShares® is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BTC”). The securities are not sponsored, endorsed, sold, or promoted by BTC. BTC makes no representations or warranties to the owners of the securities or any member of the public regarding the advisability of investing in the securities. BTC has no obligation or liability in connection with the operation, marketing, trading or sale of the securities.

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Information as of market close on October 11, 2018:

Basket Component Information as of October 11, 2018

	Ticker Symbol	Current Basket Component Closing Value	52 Weeks Value Ago	52 Week High	52 Week Low
S&P 500® Index	SPX	2,728.37	2,555.24	2,930.75 (on 9/20/2018)	2,550.93 (on 10/12/2017)
EURO STOXX® Select Dividend 30 Index	SD3E	1,896.34	2,146.45	2,190.13 (on 11/2/2017)	1,896.34 (on 10/11/2018)
Shares of the iShares® MSCI Emerging Markets ETF	EEM UP	\$39.14	\$46.26	\$52.08 (on 1/26/2018)	\$39.14 (on 10/7/2018)

The following graph is calculated based on an initial basket value of 100 on January 1, 2013 (assuming that each basket component is weighted as described in “Basket” on the cover page) and illustrates the effect of the offset and/or correlation among the basket components during such period. The graph does not take into account the terms of the securities, nor does it attempt to show in any way your expected return on an investment in the securities. The historical performance of the basket should not be taken as an indication of its future performance.

Basket Historical Performance

January 1, 2013 to October 11, 2018

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Historical Information

The following tables set forth the published high and low closing values as well as end-of-quarter closing values for each of the basket components for each quarter in the period from January 1, 2013 through October 11, 2018. The closing values on October 11, 2018 were (i) in the case of the SPX Index, 2,728.37, (ii) in the case of the SD3E Index, 1,896.34, and (iii) in the case of the EEM Shares, \$39.14. The related graphs set forth the daily closing values for each of the basket components in the same period. We obtained the information in the tables and graphs below from Bloomberg Financial Markets, without independent verification. The historical information of the basket components should not be taken as an indication of their future performance, and no assurance can be given as to the basket closing value on the determination date.

S&P 500® Index High Low Period End**2013**

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

2014

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

2015

First Quarter	2,117.39	1,992.67	2,067.89
Second Quarter	2,130.82	2,057.64	