MORGAN STANLEY
Form 424B2
February 04, 2019

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	*Maximum Aggregate Offering Price*	*Amount of Registration Fee*
Market-Linked Notes due 2024	$1,000,000	$121.20

January 2019

Pricing Supplement No. 1,439

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

Dated January 31, 2019

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

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 prospectus supplement, index 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 closing value of a basket of one index and one exchange-traded fund (ETF) on the determination date, subject to the maximum payment at maturity. These long-dated notes are for investors who are concerned about principal risk but seek a return based on the performance of the basket components, and who are willing to forgo current income and upside returns beyond the maximum payment at maturity in exchange for the repayment of principal at maturity plus 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 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 note
Stated principal amount:	$1,000 per note
Aggregate principal amount:	$1,000,000
Pricing date:	January 31, 2019
Original issue date:	February 5, 2019 (3 business days after the pricing date)
Maturity date:	February 5, 2024
Interest:	None

Basket:

Basket component*	**Ticker symbol***	**Basket component weighting**	**Initial basket component value**	**Multiplier**
The S&P 500® Index (the "SPX Index")	SPX	50%	2,704.10	0.018490440
Shares of the iShares® MSCI EAFE ETF (the "EFA Shares")	EFA UP	50%	$62.68	0.797702616

* Ticker symbols are being provided for reference purposes only. We refer to the SPX Index and the EFA Shares, collectively, as the basket components, and to the EFA Shares as the underlying shares or the Fund.

Payment at maturity:	The payment due at maturity per $1,000 stated principal amount will equal: $1,000 + supplemental redemption amount, if any. *In no event will the payment at maturity be less than $1,000 per note or greater than the maximum payment at maturity.*
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 or greater than $730 per note
Participation rate:	110%

Maximum payment at maturity:	$1,730 per note (173% of the stated principal amount)
Basket percent change:	(final basket closing value – initial basket value) / initial basket value
Listing:	The notes 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:	$980.90 per note. See "Investment Summary" on page 3.		
Commissions and issue price:	**Price to public[(1)]**	**Agent's commissions and fees[(2)]**	**Proceeds to us[(3)]**
Per note	$1,000	$11.25	$988.75
Total	$1,000,000	$11,250	$988,750

(1) *The notes will be sold only to investors purchasing the securities in fee-based advisory accounts.*

(2) *MS & Co. expects to sell all of the notes that it purchases from us to an unaffiliated dealer at a price of $988.75 per note, for further sale to certain fee-based advisory accounts at the price to public of $1,000 per note. MS & Co. will not receive a sales commission with respect to the notes. 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.*

(3) *See "Use of proceeds and hedging" on page 27.*

The notes involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 8.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these notes, 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 notes 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 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.

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

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

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.
Final basket closing value:	The basket closing value on the determination date
Basket closing value:	On any date, the sum of the products of (i) the basket component closing value for each basket component on such date, and (ii) the multiplier for such basket component
Basket component closing value:	On any day, the basket component closing value for each basket component shall be: (i) in the case of the SPX Index, the index closing value of the SPX Index on such day; and (ii) in the case of the EFA Shares, the closing price of the EFA Shares on such day *times* the adjustment factor 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 notes.
Adjustment factor:	With respect to the EFA Shares, 1.0, subject to adjustment in the event of certain events affecting the underlying shares. See "Additional Information About the Notes—Antidilution adjustments" below.
Determination date:	January 31, 2024, subject to postponement for non-index business days, non-trading days and certain market disruption events.
CUSIP:	61768DYB5
ISIN:	US61768DYB53

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

Investment Summary

Market-Linked Notes

The Market-Linked Notes due February 5, 2024 Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF (the "notes") offer the potential for a supplemental redemption amount at maturity based on the closing value of a basket of one index and one ETF on the determination date, subject to the maximum payment at maturity. The notes provide investors:

- an opportunity to gain upside exposure to any appreciation of the basket, subject to the maximum payment at maturity of $1,730 per note (173% of the stated principal amount)
- the repayment of principal at maturity, subject to our creditworthiness
- no exposure to any decline of the final basket closing value below the initial basket value if the notes are held to maturity

At maturity, if the basket percent change is less than or equal to zero, 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:	5 years
Participation rate:	110%
Maximum payment at maturity:	$1,730 per note (173% of the stated principal amount)

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 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 $980.90.

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 basket components. The estimated value of the notes 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 notes?

In determining the economic terms of the notes, including the participation rate and the maximum payment at maturity, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the 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 basket components, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the 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 basket components, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

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

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

Key Investment Rationale

Market-Linked Notes offer investors exposure to the performance of an equally weighted basket composed of the S&P 500® Index and the iShares® MSCI EAFE ETF and provide for the repayment of principal at maturity. They are for investors who are concerned about principal risk but seek a return based on the performance of the basket components, and who are willing to forgo current income and upside beyond the maximum payment at maturity in exchange for the repayment of principal at maturity plus a supplemental redemption amount, if any.

Repayment of Principal	The notes offer investors 110% exposure to any positive performance of the basket up to the maximum payment at maturity, while providing for the repayment of principal in full at maturity.
Upside Scenario	The basket closing value on the determination date is greater than the initial basket value of 100, and, at maturity, the notes pay the stated principal amount of $1,000 *plus* 110% of the positive percent change from the initial basket value to the final basket closing value, subject to the maximum payment at maturity of $1,730 per note (173% of the stated principal amount).
Par Scenario	The final basket closing value is less than or equal to the initial basket value, and, at maturity, the notes pay only the stated principal amount of $1,000.

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

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, subject to the maximum payment at maturity. The supplemental redemption amount will be calculated as follows:

supplemental redemption amount	=	$1,000 x basket percent change x 110% *In no event will the supplemental redemption amount be less than zero or greater than $730 per note.*
where		
basket percent change	=	(final basket closing value – initial basket value) / initial basket value
final basket closing value	=	the basket closing value on the determination date
maximum payment at maturity	=	$1,730 per note (173% of the stated principal amount)

In no event will the payment at maturity be less than the stated principal amount or greater than the maximum payment at maturity.

Hypothetical Payment at Maturity

The table below illustrates the payment at maturity for each note for a hypothetical range of basket percent changes and does not cover the complete range of possible payouts at maturity. The table reflects the maximum payment at maturity of $1,730 per note, initial basket value of 100 and the participation rate of 110%.

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

Basket percent change	Final basket closing value	Stated principal amount	Participation rate	Supplemental redemption amount	Payment at maturity	Return on $1,000 note
100.00%	200.00	$1,000	110%	$730	$1,730	73.00%
90.00%	190.00	$1,000	110%	$730	$1,730	73.00%
80.00%	180.00	$1,000	110%	$730	$1,730	73.00%
70.00%	170.00	$1,000	110%	$730	$1,730	73.00%
66.36%	**166.36**	**$1,000**	**110%**	**$730**	**$1,730**	**73.00%**
60.00%	160.00	$1,000	110%	$660	$1,660	66.00%
50.00%	150.00	$1,000	110%	$550	$1,550	55.00%
40.00%	140.00	$1,000	110%	$440	$1,440	44.00%
30.00%	130.00	$1,000	110%	$330	$1,330	33.00%
20.00%	120.00	$1,000	110%	$220	$1,220	22.00%
10.00%	110.00	$1,000	110%	$110	$1,110	11.00%
0.00%	**100.00**	**$1,000**	**N/A**	**$0**	**$1,000**	**0.00%**
–10.00%	90.00	$1,000	N/A	$0	$1,000	0.00%
–20.00%	80.00	$1,000	N/A	$0	$1,000	0.00%
–30.00%	70.00	$1,000	N/A	$0	$1,000	0.00%
–40.00%	60.00	$1,000	N/A	$0	$1,000	0.00%
–50.00%	50.00	$1,000	N/A	$0	$1,000	0.00%
–60.00%	40.00	$1,000	N/A	$0	$1,000	0.00%
–70.00%	30.00	$1,000	N/A	$0	$1,000	0.00%
–80.00%	20.00	$1,000	N/A	$0	$1,000	0.00%
–90.00%	10.00	$1,000	N/A	$0	$1,000	0.00%
–100.00%	0.00	$1,000	N/A	$0	$1,000	0.00%

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

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 prospectus supplement, index supplement and the accompanying prospectus. You should also consult with 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 basket percent change is less than or equal to zero, 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 final basket closing value is not sufficiently higher than the initial basket value, 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 basket closing value on the determination date.

¡ **The appreciation potential of the notes is limited by the maximum payment at maturity.** The appreciation potential of the notes is limited by the maximum payment at maturity of $1,730 per note, or 173% of the stated principal amount. Because the payment at maturity will be limited to 173% of the stated principal amount for the notes, any increase in the final basket closing value beyond approximately 66.36% of the initial basket value will not further increase the return on the notes.

¡ **Changes in the prices of the basket components may offset each other.** Price movements in the basket components may not correlate with each other. At a time when the price of one basket component increases, the price of the other basket component may decline in value. Therefore, in calculating the payment at maturity, increases in the price of one basket component may be moderated, or wholly offset, by declines in the price of the other basket component.

¡ **The market price of the notes will be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, 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 values of the basket components at any time, the volatility (frequency and magnitude of changes in value) of the basket components and the component stocks of the basket components, the dividend rate on the component stocks of the basket components, the occurrence of certain events affecting the underlying shares that may or may not require an adjustment to the respective adjustment factor, interest and yield rates in the market, the time remaining until the notes mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the basket components or equities markets generally and which may affect the closing values of the basket components on the determination date, the exchange rates of the U.S. dollar relative to the currencies in which the stocks comprising the EFA Shares trade and any actual or anticipated changes in our credit ratings or credit spreads. Generally, the longer the time remaining to maturity, the more the market price of the notes will be affected by the other factors described above. The values of the basket components may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See "Historical Information" 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.

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.

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

¡ **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 SPX Index and EFA Shares at any time other than the determination date**. The amount payable on the notes will be based on the basket closing value on the determination date, subject to postponement for non-index business days, non-trading days 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 may be less, and may be significantly less, than it would have been had the payment at maturity been linked to the value of the basket prior to such drop. Although the actual value of the basket on the stated maturity date or at other times during the term of the notes may be higher than the final basket closing value, the payment at maturity will be based solely on the final basket closing value.

¡ **There are risks associated with investments in securities, such as the notes, linked to the value of foreign equity securities.** The EFA Shares track the performance of the MSCI EAFE Index℠ (the "share underlying index"), which measures the value of foreign equity securities. Investments in securities linked to the value of foreign equity securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the United States Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued in foreign markets may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in such countries may differ 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 prices of the EFA Shares are subject to currency exchange risk.** Because the prices of the EFA Shares are related to the U.S. dollar value of stocks underlying the MSCI EAFE Index℠, holders of the notes 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 currency. If, taking into account such weighting, the dollar strengthens against the currencies of the component securities represented in the MSCI EAFE Index℠, the price of the EFA Shares will be adversely affected and the payment at maturity on the notes may be reduced.

Of particular importance to potential currency exchange risk are:

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments between countries; and
- the extent of governmental surpluses or deficits in the relevant countries 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 EAFE Index℠, the United States and other countries important to international trade and finance.

¡ **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.

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 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 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 pricing supplement will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also "The market price of the notes will be influenced by many unpredictable factors" above.

¡ **Adjustments to the SPX Index could adversely affect the value of the notes.** The SPX Index publisher may add, delete or substitute the stocks constituting the SPX Index or make other methodological changes that could change the value of the SPX Index. The SPX Index publisher may discontinue or suspend calculation or publication of the SPX Index at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued SPX Index and is not precluded from considering indices that are calculated and published by the calculation agent or any of its affiliates. If the calculation agent determines that there is no appropriate successor index, the payment at maturity on the notes will be an amount based on the closing prices of the securities composing the SPX Index at the time of such

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the SPX Index last in effect prior to discontinuance of the SPX Index.

¡ **Adjustments to the EFA Shares or the index tracked by the underlying shares could adversely affect the value of the notes**. The investment adviser to the iShares® MSCI EAFE ETF, BlackRock Fund Advisors (the "Investment Adviser"), seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the share underlying index. Pursuant to its investment strategy or otherwise, the Investment Advisor may add, delete or substitute the stocks composing the iShares® MSCI EAFE ETF. Any of these actions could adversely affect the price of the underlying shares and, consequently, the value of the notes. MSCI Inc. ("MSCI") is responsible for calculating and maintaining the share underlying index. MSCI 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. MSCI may discontinue or suspend calculation or publication of the share underlying index at any time. In these circumstances, 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 value of the underlying shares, and consequently, the value of the notes.

¡ **The performance and market price of the underlying 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 underlying shares.** The underlying shares do not fully replicate 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 underlying 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 the Fund and the share underlying index. In addition, corporate actions (such as mergers and spin-offs) with respect to the equity securities underlying the underlying shares may impact the variance between the performances of the Fund and the share underlying index. Finally, because the shares of the underlying shares are traded on an exchange and are subject to market supply and investor demand, the market price of one share of the underlying shares may differ from the net asset value per share of the underlying shares.

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

For all of the foregoing reasons, the performance of the underlying 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 asset value per share of the underlying shares. Any of these events could materially and adversely affect the price of the shares of the underlying shares and, therefore, the value of the notes. 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 would affect the payment at maturity of the notes. If the calculation agent determines that no market disruption event has taken place, the payment at maturity would be based on the published closing price per share of the underlying shares on the determination date, even if the underlying 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 underlying 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

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

certain events affecting the underlying shares. However, the calculation agent will not make an adjustment for every event that can 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 notes may be materially and adversely affected.

¡ **Not equivalent to investing in the EFA Shares or the stocks composing the SPX Index or the share underlying index.** Investing in the notes is not equivalent to investing in the SPX Index or its component stocks, the EFA Shares, the share underlying index or the stocks that constitute the share underlying index. Investors in the notes will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the EFA Shares, or the stocks that constitute the SPX Index or the share underlying index.

¡ **The notes will not be listed on any securities exchange and secondary trading may be limited.** 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 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 and the selection of a successor index or calculation of the basket closing value in the event of a discontinuance of any share underlying index 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 Notes—Additional Information—Calculation agent,” “—Closing price

"—Market disruption event," "—Postponement of determination date," "Discontinuance of the SPX Index; alteration of meth of calculation," "—Discontinuance of the EFA Shares and/or the share underlying index; alteration of method of calculation," "—Alternate exchange calculation in case of an event of default" and "—Antidilution adjustments" below. 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 basket components or the share underlying index), including trading in the basket components and the component stocks of the basket components and in other instruments related to the share 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 basket components or the component stocks of the basket components and other financial instruments related to the share 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 the pricing date could have increased the initial basket component values, and, therefore, could have increased the values at or above which the basket components must close on the determination date before an investor receives a payment at maturity 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 values of the basket components on such determination date, and, accordingly, the amount of cash an investor will receive at maturity.

Morgan Stanley Finance LLC

Market-Linked Notes due February 5, 2024

Based on the Value of an Equally Weighted Basket Composed of the S&P 500® Index and the iShares® MSCI EAFE ETF

Basket Overview

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

iShares® MSCI EAFE ETF. The iShares® MSCI EAFE 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 EAFE Index℠. The iShares® MSCI EAFE ETF is managed by iShares Trust®. ("iShares"), a registered investment company that consists of numerous separate investment portfolios, including the iShares® MSCI EAFE 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 333-92935 and 811-09729, respectively, through the Commission's website at www.sec.gov. In addition, information may be obtained from other publicly available sources. **Neither the issuer nor the agent makes any representation that any such publicly available information regarding the iShares® MSCI EAFE ETF is accurate or complete.**

The MSCI EAFE Index℠. The MSCI EAFE Index℠ is a stock index calculated, published and disseminated daily by MSCI Inc. The index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada, and it consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. For additional information about the MSCI EAFE Index℠, see the information set forth under "MSCI EAFE Index℠" and "MSCI Global Investable Market Indices Methodology" in the