MORGAN STANLEY
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Morgan Stanley Finance LLC

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

Dual Directional Buffered PLUS Based on the Value of the Worst Performing of the SPDR® S&P® Biotech ETF and the Invesco QQQ Trust℠, Series 1, due January 12, 2024

Buffered Performance Leveraged Upside Securities℠

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The Dual Directional Buffered PLUS, or "Buffered PLUS," are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The Buffered PLUS will pay no interest, provide a minimum payment at maturity of only 30% of the stated principal amount and have the terms described in the accompanying product supplement for PLUS, index supplement and prospectus, as supplemented or modified by this document. The payment at maturity on the Buffered PLUS will be based on the value of the worst performing of the SPDR® S&P® Biotech ETF and the Invesco QQQ Trust℠, Series 1, which we refer to as the underlying shares. At maturity, if the final share price of **each** of the underlying shares is **greater than** its respective initial share price, investors will receive the stated principal amount of their investment *plus* leveraged upside performance of the worst performing underlying shares. If the final share price of **either** of the underlying shares is **less than or equal** to its respective initial share price but the final share price of **each** of the underlying shares is **greater than or equal to** 70% of its respective initial share price, meaning that neither of the underlying shares has decreased from its initial share price by an amount greater than the buffer amount of 30%, investors will receive the stated principal amount of their investment *plus* an unleveraged positive return based on the absolute value of the performance of the worst performing underlying shares, which will be inherently limited to a maximum return of 30%. However, if the final share price of **either** of the underlying shares is **less than** 70% of its respective initial share price, meaning that either of the underlying shares has decreased from its respective initial share price by an amount greater than the buffer amount of 30%, the absolute return feature will no longer be available and instead investors will lose 1% for every 1% decline in the worst performing underlying shares beyond the specified buffer amount, subject to the minimum payment at maturity of 30% of the stated principal amount. **Investors may lose up to 70% of the stated principal amount of the Buffered PLUS.** Because the payment at maturity of the Buffered PLUS is based on the worst performing of the underlying shares, a decline in **either** of the underlying shares beyond the buffer amount will result in a loss, and potentially a significant loss, of your investment even if the other underlying shares have appreciated or have not declined as much. These long-dated Buffered PLUS are for investors who seek an equity-based return and who are willing to risk their principal, risk exposure to the worst performing of two underlying shares and forgo current income in exchange for the leverage, buffer and absolute return features that in each case apply to a limited range of performance of the worst performing underlying shares. The Buffered PLUS are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

The Buffered PLUS differ from the PLUS described in the accompanying product supplement for PLUS in that the Buffered PLUS offer the potential for a positive return at maturity if the worst performing underlying shares depreciate by no more than 30%.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These Buffered PLUS 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.

SUMMARY TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Maturity date:	January 12, 2024
Underlying shares:	SPDR® S&P® Biotech ETF (the "XBI Shares") and Invesco QQQ Trust℠, Series 1 (the "QQQ Shares")
Aggregate principal amount:	$
Payment at maturity:	If the final share price of **each of the underlying shares** is *greater than* its respective initial share price, $1,000 + ($1,000 × leverage factor × share percent change of the worst performing underlying shares) If the final share price of **either of the underlying shares** is *less than or equal to* its respective initial share price but the final share price of **each of the underlying shares** is *greater than or equal to* 70% of its respective initial share price, meaning that **neither** of the underlying shares has decreased from its initial share price by an amount *greater than* the buffer amount of 30%, $1,000 + ($1,000 × absolute share return of the worst performing underlying shares) If the final share price of **either of the underlying shares** is *less than* 70% of its initial share price, meaning that **either** of the underlying shares has decreased from its respective initial share price by an amount *greater than* the buffer amount of 30%, ($1,000 × share performance factor of the worst performing underlying shares) + $300 *Under these circumstances, the payment at maturity will be less than the stated principal amount of $1,000. However, under no circumstances will the Buffered PLUS pay less than $300 per Buffered PLUS at maturity*
Share percent change:	With respect to each of the underlying shares, (final share price – initial share price) / initial share price
Worst performing underlying shares:	The underlying shares with the lesser share percent change

Share performance factor:	With respect to each of the underlying shares, final share price / initial share price
Absolute share return:	The absolute value of the share percent change. For example, a -5% share percent change will result in a +5% absolute share return.
Initial share price:	With respect to the XBI Shares, $, which is the closing price of such underlying shares on the pricing date With respect to the QQQ Shares, $, which is the closing price of such underlying shares on the pricing date
Final share price:	With respect to each of the underlying shares, the closing price of such underlying shares on the valuation date times the adjustment factor of such underlying shares on such date
Adjustment factor:	With respect to each of the underlying shares, 1.0, subject to adjustment in the event of certain events affecting such underlying shares
Valuation date:	January 9, 2024, subject to adjustment for non-trading days and certain market disruption events
Leverage factor:	At least 131%. The actual leverage factor will be determined on the pricing date.
Minimum payment at maturity:	$300 per Buffered PLUS (30% of the stated principal amount)
Buffer amount:	30%
Stated principal amount:	$1,000 per Buffered PLUS
Issue price:	$1,000 per Buffered PLUS
Pricing date:	January 9, 2019
Original issue date:	January 14, 2019 (3 business days after the pricing date)
CUSIP / ISIN:	61768DVH5 / US61768DVH50
Listing:	The Buffered PLUS will not be listed on any securities exchange.
Agent:	Morgan Stanley & Co. LLC ("MS & Co."), a wholly owned subsidiary of Morgan Stanley and an affiliate of MSFL. See "Supplemental information regarding plan of distribution; conflicts of interest."
Estimated value on the pricing date:	Approximately $941.50 per Buffered PLUS, or within $30.00 of that estimate. See "Investment Summary" on page 2.

Commissions and issue price:	Price to public	Agent's commissions(1)	Proceeds to us(2)
Per Buffered PLUS	$1,000	$	$
Total	$	$	$

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

(2) See "Use of proceeds and hedging" on page 21.

The Buffered PLUS 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 securities, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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

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

References to “we,” “us” and “our” refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

Product Supplement for PLUS dated November 16, 2017	**Index Supplement dated November 16, 2017**	**Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

Dual Directional Buffered PLUS Based on the Value of Worst Performing of the SPDR® S&P® Biotech ETF and the Invesco QQQ Trust℠, Series 1, due January 12, 2024

Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

Investment Summary

Buffered Performance Leveraged Upside Securities

Principal at Risk Securities

The Dual Directional Buffered PLUS Based on the Value of the Worst Performing of the SPDR® S&P® Biotech ETF and the Invesco QQQ Trust℠, Series 1, due January 12, 2024 (the "Buffered PLUS") can be used:

§ To gain exposure to the worst performing of two U.S. equity underlyings

§ To potentially outperform the worst performing of the SPDR® S&P® Biotech ETF and the Invesco QQQ Trust℠, Series 1, by taking advantage of the leverage factor

§ To obtain an unleveraged positive return for a limited range of negative performance of the worst performing underlying shares

If the final share price of **either** of the underlying shares is **less than** 70% of its respective initial share price, investors will be negatively exposed to the decline in the worst performing underlying shares beyond the buffer amount and will lose some or a substantial portion of their investment.

Maturity:	Approximately 5 years
Leverage factor:	At least 131%. The actual leverage factor will be determined on the pricing date.
Minimum payment at maturity:	$300 per Buffered PLUS (30% of the stated principal amount). Investors may lose up to 70% of the stated principal amount of the Buffered PLUS.
Buffer amount:	30%, with 1-to-1 downside exposure to the worst performing underlying shares below the buffer
Coupon:	None
Listing:	The Buffered PLUS will not be listed on any securities exchange

The original issue price of each Buffered PLUS is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the Buffered PLUS, which are borne by you, and, consequently, the estimated value of the Buffered PLUS on the pricing date will be less than $1,000. We estimate that the value of each Buffered PLUS on the pricing date will be approximately $941.50, or within $30.00 of that estimate. Our estimate of the value of the Buffered PLUS as determined on the pricing date will be set forth in the final pricing supplement.

What goes into the estimated value on the pricing date?

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

In determining the economic terms of the Buffered PLUS, including the leverage factor, the buffer amount and the minimum 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 Buffered PLUS 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 Buffered PLUS?

The price at which MS & Co. purchases the Buffered PLUS in the secondary market, absent changes in market conditions, including those related to the underlying shares, 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 Buffered PLUS 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 Buffered PLUS in the secondary market, absent changes in market conditions, including those related to the underlying shares, 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.

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

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Key Investment Rationale

The Buffered PLUS offer the potential for a positive return at maturity based on the absolute value of a limited range of percentage changes of the worst performing underlying shares. At maturity, if the final share price of **each** of the underlying shares is **greater than** its respective initial share price, investors will receive the stated principal amount of their investment *plus* leveraged upside performance of the worst performing underlying shares. If the final share price of **either** of the underlying shares is **less than or equal** to its respective initial share price but the final share price of **each** of the underlying shares is **greater than or equal to** 70% of its respective initial share price, investors will receive the stated principal amount of their investment *plus* an unleveraged positive return based on the absolute value of the performance of the worst performing underlying shares, which will be effectively limited to a 30% return. However, if the final share price of **either** of the underlying shares is **less than** its 70% of its respective initial share price, the absolute return feature will no longer be available and instead investors will lose 1% of the stated principal amount for every 1% of decline in the worst performing underlying shares beyond the specified buffer amount, subject to the minimum payment at maturity. **Investors may lose up to 70% of the stated principal amount of the Buffered PLUS. All payments on the Buffered PLUS are subject to our credit risk.**

Leveraged Performance	The Buffered PLUS offer investors an opportunity to receive at least 131% (to be determined on the pricing date) of the positive return of the worst performing of the underlying shares if both underlying shares have appreciated in value.
Absolute Return Feature	The Buffered PLUS enable investors to obtain an unleveraged positive return if the final share price of **either** of the underlying shares is **less than or equal** to its respective initial share price **but** the final share price of **each** of the underlying shares is **greater than or equal to** 70% of its initial share price.
Upside Scenario if Both Underlying Shares Appreciate	**Both** underlying shares increase in value, and, at maturity, the Buffered PLUS redeem for the stated principal amount of $1,000 *plus* at least 131% of the share percent change of the worst performing underlying shares. The actual leverage factor will be determined on the pricing date.
Absolute Return Scenario	The final share price of **either** of the underlying shares is **less than or equal** to its respective initial share price **but** the final share price of **each of the underlying shares** is **greater than or equal to** 70% of its initial share price. In this case, you receive a 1% positive return on the Buffered PLUS for each 1% negative return on the worst performing underlying shares. For example, if the final share price of the worst performing underlying shares is 10% less than its respective initial share price, the Buffered PLUS will provide a total positive return of 10% at maturity. The maximum return you may receive in this scenario is a positive 30% return at maturity.
Downside Scenario	The final share price of **either** of the underlying shares is **less than** 70% of its respective initial share price.

In this case, the Buffered PLUS redeem for less than the stated principal amount, and this decrease will be by an amount proportionate to the full decline in the value of the worst performing underlying shares over the term of the Buffered PLUS, plus the buffer amount of 30%. Under these circumstances, the payment at maturity will be less than the stated principal amount per Buffered PLUS. For example, if the final share price of the worst performing underlying shares is 70% less than its initial share price, the Buffered PLUS will be redeemed at maturity for a loss of 40% of principal at $600, or 60% of the stated principal amount. **The minimum payment at maturity is $300 per Buffered PLUS. You could lose up to 70% of your investment**

Because the payment at maturity of the Buffered PLUS is based on the worst performing of the underlying shares, a decline in **either** of the underlying shares beyond the specified buffer amount will result in a loss, and potentially a significant loss, of your investment, even if the other underlying shares have appreciated or have not declined as much.

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Hypothetical Examples

The following hypothetical examples illustrate how to calculate the payment at maturity on the Buffered PLUS. The following examples are for illustrative purposes only. The actual initial share price for each of the underlying shares and the actual leverage factor will be determined on the pricing date. Any payment at maturity on the Buffered PLUS is subject to our credit risk. The below examples are based on the following terms:

Stated principal amount:	$1,000 per Buffered PLUS
Hypothetical leverage factor:	131%
Hypothetical initial share price:	With respect to the XBI Shares: $70 With respect to the QQQ Shares: $150
Minimum payment at maturity:	$300 per Buffered PLUS (30% of the stated principal amount)
Buffer amount:	30%

EXAMPLE 1: The final share price of each of the underlying shares is greater than its respective initial share price.

Final share price		XBI Shares: $77 QQQ Shares: $210
Share percent change		XBI Shares: ($77 – $70) / $70 = 10% QQQ Shares: ($210 – $150) / $150 = 40%
Payment at maturity	=	$1,000 + ($1,000 × leverage factor × share percent change of the worst performing underlying

		shares)
	=	$1,000 + ($1,000 × 131% × 10%)
	=	$1,131.00

In example 1, the final share prices of both the XBI Shares and the QQQ Shares are greater than their initial share prices. The XBI Shares have appreciated by 10% while the QQQ Shares have appreciated by 40%. Therefore, investors receive at maturity the stated principal amount *plus* 131% of the appreciation of the worst performing underlying shares, which are the XBI Shares in this example. Investors receive $1,131.00 per Buffered PLUS at maturity.

EXAMPLE 2: The final share price of one of the underlying shares is greater than its respective initial share price while the final share price of the other underlying shares is less than its respective initial share price but neither of the underlying shares has decreased from its initial share price by an amount greater than the buffer amount of 30%.

Final share price		XBI Shares: $98 QQQ Shares: $127.50
Share percent change		XBI Shares: ($98 – $70) / $70 = 40% QQQ Shares: ($127.50 – $150) / $150 = -15%
Payment at maturity	=	$1,000 + ($1,000 × absolute share return of the worst performing underlying shares)
	=	$1,000 + ($1,000 × 15%)
	=	$1,150.00

In example 2, the final share price of the XBI Shares is greater than its respective initial value, while the final share price of the QQQ Shares is less than its respective initial share price. While the XBI Shares have appreciated by 40%, the QQQ Shares have declined by 15%, but neither of the underlying shares has decreased from its initial share price by an amount

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greater than the buffer amount of 30%. Therefore, investors receive at maturity the stated principal amount *plus* a return reflecting the absolute value of the performance of the worst performing underlying shares, which are the QQQ Shares in this example. Investors receive $1,150.00 per Buffered PLUS at maturity. In this example, investors receive a positive return even though one of the underlying shares declined in value by 15%, due to the absolute return feature of the Buffered PLUS and because neither of the underlying shares declined to below 70% of its initial share price.

EXAMPLE 3: The final share price of one of the underlying shares is greater than its respective initial share price while the final share price of the other underlying shares is less than its 70% of its respective initial share price.

Final share price		XBI Shares: $77 QQQ Shares: $75
Share percent change		XBI Shares: ($77 – $70) / $70 = 10% QQQ Shares: ($75 – $150) / $150 = -50%
Share performance factor		XBI Shares: $55 / $70 = 110% QQQ Shares: $75 / $150 = 50%
Payment at maturity	=	$1,000 × share performance factor of the worst performing underlying shares + $300
	=	$(1,000 × 50%) + $300
	=	$800

In example 3, the final share price of the XBI Shares is greater than its respective initial share price, while the final share price of the QQQ Shares is less than 70% of its respective initial share price. While the XBI Shares have appreciated by 10%, the QQQ Shares have declined by 50%. Therefore, investors are exposed to the negative performance of the QQQ Shares, which are the worst performing underlying shares in this example, beyond the buffer amount of 30%, and receive a payment at maturity of $800 per Buffered PLUS. In this example, investors lose the benefit of the absolute return feature and are exposed to the negative performance of the worst performing underlying shares even though the other underlying shares have appreciated in value by 10%, because the final share price of each of the underlying shares is not greater than or equal to 70% of its respective initial share price.

EXAMPLE 4: **The final share price of each of the underlying shares is less than its respective initial share price, but neither of the underlying shares has decreased from its initial share price by an amount greater than the buffer amount of 30%.**

Final share price		XBI Shares: $59.50 QQQ Shares: $126
Share percent change		XBI Shares: ($59.50 – $70) / $70 = -15% QQQ Shares: ($126 – $150) / $150 = -16%
Payment at maturity	=	$1,000 + ($1,000 × absolute share return of the worst performing underlying shares)
	=	$1,000 + ($1,000 × 16%)
	=	$1,160.00

In example 4, the final share price of each of the underlying shares is less than its respective initial share price, but neither of the underlying shares has decreased from its initial share price by an amount greater than the buffer amount of 30%. The XBI Shares have declined by 15% while the QQQ Shares have declined by 16%. Therefore, investors receive at maturity the stated principal amount *plus* a return reflecting the absolute value of the performance of the worst performing underlying shares, which are the QQQ Shares in this example. Investors receive $1,160.00 per Buffered PLUS at maturity.

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EXAMPLE 5: **The final share price of each of the underlying shares is less than 70% of its respective initial share price.**

Final share price		XBI Shares: $21 QQQ Shares: $60
Share percent change		XBI Shares: ($21 – $70) / $70 = -70% QQQ Shares: ($60 – $150) / $150 = -60%
Share performance factor		XBI Shares: $21 / $70 = 30% QQQ Shares: $60 / $150 = 40%
Payment at maturity	=	$1,000 × (share performance factor of the worst performing underlying shares) + $300
	=	$(1,000 × 30%) + $300
	=	$600

In example 5, the final share prices of both the XBI Shares and the QQQ Shares are less than their respective initial share prices by an amount greater than the buffer amount of 30%. The XBI Shares have declined by 70% while the QQQ Shares have declined by 60%. Therefore, investors are exposed to the negative performance of the XBI Shares, which are the worst performing underlying shares in this example, beyond the buffer amount of 30%, and receive a payment at maturity of $600 per Buffered PLUS.

Because the payment at maturity of the Buffered PLUS is based on the worst performing of the underlying shares, a decline in either of the underlying shares beyond the buffer amount of 30% will result in a loss, and

potentially a significant loss, of your investment, even if the other underlying shares have appreciated or have not declined as much.

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Risk Factors

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

§ **The Buffered PLUS do not pay interest and provide a minimum payment at maturity of only 30% of the stated principal amount.** The terms of the Buffered PLUS differ from those of ordinary debt securities in that the Buffered PLUS do not pay interest and provide a minimum payment at matuirty of only 30% of the stated principal amount of the Buffered PLUS. If the final share price of **either** of the underlying shares is **less than** 70% of its respective initial share price, the absolute return feature will no longer be available and you will instead receive for each Buffered PLUS that you hold a payment at maturity that is less than the stated principal amount of each Buffered PLUS by an amount proportionate to the decline in the value of the worst performing underlying shares from its initial share price, plus $300 per Buffered PLUS. **Accordingly, investors may lose up to 70% of the stated principal amount of the Buffered PLUS.**

§ **You are exposed to the price risk of both underlying shares.** Your return on the Buffered PLUS it not linked to a basket consisting of both underlying shares. Rather, it will be based upon the independent performance of each of the underlying shares. Unlike an instrument with a return linked to a basket of underlying assets in which risk is mitigated and diversified among all the components of the basket, you will be exposed to the risks related to both underlying shares. Poor performance by either of the underlying shares over the term of the securities will negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying shares. If either of the underlying shares declines to below 70% of its respective share price as of the valuation date, you will lose some or a significant portion of your investment, even if the other underlying shares have appreciated or have not declined as much. Accordingly, your investment is subject to the price risk of both underlying shares.

§ **Because the Buffered PLUS are linked to the performance of the worst performing underlying shares, you are exposed to greater risk of sustaining a loss on your investment than if the Buffered PLUS were linked to just one of the underlying shares.** The risk that you will suffer a loss on your investment is greater if you invest in the Buffered PLUS as opposed to substantially similar securities that are linked to the performance of just one of the underlying shares. With two underlying shares, it is more likely that either of the underlying shares will decline to below 70% of its initial share price as of the valuation date than if the Buffered PLUS were linked to only one of the underlying shares. Therefore it is more likely that you will suffer a loss on your investment.

§ **Each of the underlying shares is subject to risks associated with investments concentrated in a particular sector.** All or substantially all of the equity securities held by the the XBI Shares and the QQQ Shares are issued by companies whose primary business is directly associated with the biotechnology sector and non-financial equities, respectively. Each of the underlying shares may therefore be subject to increased price volatility, as each is concentrated in a single specific industry or market sector, and each of the underlying shares may be more susceptible to adverse economic, market, political or regulatory events affecting that particular industry or market sector. Therefore, the Buffered PLUS are exposed to concentration risks relating to the industry and market sector reflected in each of the underlying shares.

§ **The market price of the Buffered PLUS will be influenced by many unpredictable factors.** Several factors will influence the value of the Buffered PLUS in the secondary market and the price at which MS & Co. may be willing to purchase or sell the Buffered PLUS in the secondary market, including the value, volatility and dividend yield of the underlying shares, interest and yield rates, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events and any actual or anticipated changes in our credit ratings or credit spreads. Generally, the longer the time remaining to maturity, the more the market price of the Buffered PLUS will be affected by the other factors described above. The levels of the underlying shares may be, and have recently been, extremely volatile, and we can give you no assurance that the volatility will lessen. See "SPDR® S&P® Biotech ETF Overview"

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and "Invesco QQQ Trust℠, Series 1, Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per Buffered PLUS if you try to sell your Buffered PLUS prior to maturity.

§ **The Buffered PLUS 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 Buffered PLUS.** You are dependent on our ability to pay all amounts due on the Buffered PLUS at maturity and therefore you are subject to our credit risk. If we default on its obligations under the Buffered PLUS, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the Buffered PLUS 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 Buffered PLUS.

§ **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 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 factors for 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 an adjustment factor, the market price of the securities may be materially and adversely affected

§ **The amount payable on the Buffered PLUS is not linked to the values of the underlying shares at any time other than the valuation date.** The final share price of each of the underlying shares will be based on the closing price of such underlying shares on the valuation date, subject to adjustment for non-trading days and certain market disruption events. Even if both underlying shares appreciate prior to the valuation date but the value of **either** of the underlying shares drops by the valuation date to less than 70% of its initial share price, the payment at maturity will be significantly less than it would have been had the payment at maturity been linked to the values of the underlying shares prior to such drop. Although the actual values of the underlying shares on the stated maturity date or at other times during the term of the Buffered PLUS may be higher than their respective final share prices, the payment at maturity will be based solely on the closing prices on the valuation date.

§ **Investing in the Buffered PLUS is not equivalent to investing in the underlying shares or the stocks composing the share underlying indices.** Investing in the Buffered PLUS is not equivalent to investing in the underlying shares, the share underlying indices or the stocks that constitute the share underlying indices. Investors in the Buffered PLUS will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the underlying shares or the stocks that constitute the share underlying indices.

§ **Adjustments to the underlying shares or the indices tracked by the underlying shares could adversely affect the value of the Buffered PLUS.** The investment advisor to each of the XBI Shares and the QQQ Shares (SSGA Funds Management, Inc. and Invesco Capital Management LLC, respectively) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the relevant share underlying indices. Pursuant to its investment strategy or otherwise, the investment advisor may add, delete or substitute the stocks composing the respective underlying shares. Any of these actions could adversely affect the price of the respective underlying shares and, consequently, the value of the Buffered PLUS. The publisher of the share underlying indices is responsible for calculating and maintaining the share underlying indices. The publisher may add, delete or substitute the securities constituting the share underlying indices or make other methodological changes that could change the

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value of the share underlying indices, and, consequently, the price of the underlying shares and the value of the Buffered PLUS. The publisher of the share underlying indices may discontinue or suspend calculation or publication of a 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 will be permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates.

§ **The performance and market price of any of the underlying shares, particularly during periods of market volatility, may not correlate with the performance of its respective share underlying index, the performance of the component securities of such share underlying index or the net asset value per share of such underlying shares.** The underlying shares do not fully replicate their respective share underlying indices, and each may hold securities that are different than those included in its respective share underlying index. In addition, the performance of each of the underlying shares will reflect additional transaction costs and fees that are not included in the calculation of the share underlying indices. All of these factors may lead to a lack of correlation between the performance of each of the underlying shares and its respective share underlying index. In addition, corporate actions (such as mergers and spin-offs) with respect to the equity securities underlying each of the underlying shares may impact the variance between the performance of each of the underlying shares and its respective share underlying index. Finally, because the shares of each 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 each of the underlying shares may differ from the net asset value per share of such underlying shares.

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

For all of the foregoing reasons, the performance of each of the underlying shares may not correlate with the performance of its respective share underlying index, the performance of the component securities of such share underlying index or the net asset value per share of such underlying shares. Any of these events could materially and adversely affect the prices of each of the underlying shares and, therefore, the value of the Buffered PLUS. Additionally, if market volatility or these events were to occur on the valuation 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 Buffered PLUS. 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 each of the underlying shares on the valuation date, even if any of the underlying shares is underperforming its respective share underlying index or the component securities of such share underlying index and/or trading below the net asset value per share of such underlying shares.

§ **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 Buffered PLUS in the original issue price reduce the economic terms of the Buffered PLUS, cause the estimated value of the Buffered PLUS 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 Buffered PLUS 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 Buffered PLUS in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the Buffered PLUS less favorable to you than they otherwise would be.

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However, because the costs associated with issuing, selling, structuring and hedging the Buffered PLUS 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 Buffered PLUS in the secondary market, absent changes in market conditions, including those related to the underlying shares, 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 Buffered PLUS 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 Buffered PLUS than those generated by others, including other dealers in the market, if they attempted to value the Buffered PLUS. 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 Buffered PLUS in the secondary market (if any exists) at any time. The value of your Buffered PLUS 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 Buffered PLUS will be influenced by many unpredictable factors” above.

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

§ **Hedging and trading activity by our affiliates could potentially adversely affect the value of the Buffered PLUS.** One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the Buffered PLUS (and possibly to other instruments linked to the underlying shares and the share underlying indices), including trading in the stocks that constitute the underlying shares. As a result, these entities may be unwinding or adjusting hedge positions during the term of the Buffered PLUS, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the valuation date approaches. Some of our affiliates also trade the underlying shares and other financial instruments related to the underlying shares and the share underlying indices 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 potentially affect the initial share price of either of the underlying shares, and, therefore, could increase the value at or above which such underlying shares must close on the valuation date so that investors do not suffer a loss on their initial investment in the Buffered PLUS (depending also on the performance of the other underlying shares). Additionally, such hedging or trading activities during the term of the Buffered PLUS, including on the valuation date, could adversely affect the value of either of the underlying shares on the valuation date, and, accordingly, the amount of cash an investor will receive at maturity (depending also on the performance of the other underlying shares).

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the Buffered PLUS.** As calculation agent, MS & Co. will determine the initial share prices and the final share prices, including whether either of the underlying shares have decreased to below 70% of the respective initial share price, whether a market disruption event has occurred and whether to make any adjustments to the adjustment factors, and will calculate the amount of cash you 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 or calculation of the final share price in the event of a market disruption event. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see "Description of PLUS—Postponement of Valuation Date(s)," "—Alternate Exchange Calculation in case of an Event of Default" and "—Calculation Agent and Calculations" in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the Buffered PLUS on the pricing date.

§ **The U.S. federal income tax consequences of an investment in the Buffered PLUS are uncertain.** Please read the discussion under "Additional Information—Tax considerations" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement for PLUS (together, the "Tax Disclosure Sections") concerning the U.S. federal income tax consequences of an investment in the Buffered PLUS. As discussed in the Tax Disclosure Sections, there is a substantial risk that the "constructive ownership" rule could apply, in which case all or a portion of any long-term capital gain recognized by a U.S. Holder could be recharacterized as ordinary income and an interest charge could be imposed. If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment, the timing and character of income on the Buffered PLUS might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the Buffered PLUS as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the Buffered PLUS every year at a "comparable yield" determined at the time of issuance and recognize all income and gain in respect of the Buffered PLUS as ordinary income. Additionally, as discussed under "United States Federal Taxation—FATCA" in the accompanying product supplement for PLUS, the withholding rules commonly referred to as "FATCA" would apply to the Buffered PLUS if they were recharacterized as debt instruments. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the Buffered PLUS, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. However, recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization) eliminate the withholding requirement on payments of gross proceeds of a taxable disposition. We do not plan to request a ruling from the IRS regarding the tax treatment of the Buffered PLUS, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" rule, as discussed in this document. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Buffered PLUS, possibly with retroactive effect. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Buffered PLUS, including possible alternative treatments, the potential application of the constructive ownership rule, the issues presented by this notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

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Buffered Performance Leveraged Upside Securities℠

Principal at Risk Securities

SPDR® S&P® Biotech ETF Overview

The SPDR® S&P® Biotech ETF is an exchange-traded fund managed by SSGA Funds Management, Inc., which seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Biotechnology Select Industry™ Index. SPDR® Series Trust (the “Trust”) is a registered investment company that consists of numerous separate investment portfolios, including the SPDR® S&P® Biotech ETF. Information provided to or filed with the Securities and Exchange Commission (“the Commission”) by the Trust pursuant to the Securities Act of 1933 and the Investment Company Act of 1940 can be located by reference to Commission file numbers 333-57793 and 811-08839, 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 SPDR® S&P® Biotech ETF is accurate or complete.**

Information as of market close on December 20, 2018:

Bloomberg Ticker Symbol:	XBI UP
Current Share Price:	$68.66
52 Weeks Ago:	$82.14
52 Week High (on 6/20/2018):	$101.15
52 Week Low (on 12/20/2018):	$68.66

The following table sets forth the published high and low closing prices, as well as the end-of-quarter closing prices, of the XBI Shares for each quarter from January 1, 2013 through December 20, 2018. The closing price of the XBI Shares on December 20, 2018 was $68.66. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The KRE Shares have at times experienced periods of high volatility, and you should not take the historical values of the KRE Shares as an indication of future performance.

SPDR® S&P® Biotech ETF (CUSIP 78464A870)	High ($)	Low ($)	Period End ($)
2013			
First Quarter	33.55	30.41	33.29
Second Quarter	37.66	32.39	34.75

Third Quarter	43.74	36.24	43.05
Fourth Quarter	43.95	38.08	43.40
2014			
First Quarter	56.90	42.97	47.49
Second Quarter	51.35	40.27	51.35
Third Quarter	54.30	44.87	51.99
Fourth Quarter	63.45	48.48	62.21
2015			
First Quarter	79.33	61.43	75.17
Second Quarter	86.57	68.78	84.08
Third Quarter	90.36	60.02	62.25
Fourth Quarter	72.62	61.16	70.08
2016			
First Quarter	67.83	45.73	51.66
Second Quarter	59.87	49.55	