

MORGAN STANLEY
Form 424B2
January 30, 2019

CALCULATION OF REGISTRATION FEE

<i>Title of Each Class of Securities Offered</i>	<i>Maximum Aggregate Offering Price</i>	<i>Amount of Registration Fee</i>
Buffered Range Accrual Auto-Callable Securities due 2021	\$2,278,000	\$276.09

January 2019

Pricing Supplement No. 1,507

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

Dated January 28, 2019

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The securities are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. The securities do not provide for the regular payment of interest and provide a minimum payment at maturity of only 20% of the stated principal amount. Instead, the securities will pay a contingent monthly coupon, if any, based on the number of trading days in the relevant coupon payment period on which the share closing price of **each of the SPDR® S&P® Oil & Gas**

Exploration & Production ETF and the Market Vectors Gold Miners ETF, which we refer to as the underlying shares, is **at or above** 80% of its respective initial share price, which we refer to as the coupon barrier level. If, however, the share closing price of **either of the underlying shares** remains below its respective coupon barrier level for extended periods of time, investors will receive reduced contingent monthly coupon payments or no contingent monthly coupon payments at all. Beginning after six months, the securities will be automatically redeemed if the share closing price of each of the underlying shares is **greater than or equal to** its respective initial share price on any monthly redemption determination date, for the early redemption payment equal to the sum of the stated principal amount plus any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final share price of each of the underlying shares is **greater than or equal to** 80% of its respective initial share price, meaning that **neither** of the underlying shares has declined by an amount greater than the buffer amount of 20%, the payment at maturity will be the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period. However, if the final share price of **either** of the underlying shares is **less than** 80% of its respective initial share price, meaning that **either** of the underlying shares has declined by an amount greater than the buffer amount of 20%, in addition to receiving any accrued and unpaid contingent monthly coupon, investors will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%. **Accordingly, investors in the securities must be willing to accept the risk of losing up to 80% of their initial investment and also the risk of not receiving any contingent monthly coupons throughout the 2-year term of the securities.** The securities are for investors who are willing to risk their principal and seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of receiving no monthly interest over the entire 2-year term and in exchange for the possibility of an automatic early redemption prior to maturity. Because the payment of contingent monthly coupons is based on the worst performing of the underlying shares, the fact that the securities are linked to two underlying shares does not provide any asset diversification benefits and instead means that a decline in the price of either of the underlying shares below the relevant coupon barrier level will result in reduced contingent monthly coupon payments or no contingent monthly coupon payments at all, if either of the underlying shares closes below its respective coupon barrier level for extended periods of time, even if the other underlying shares closes at or above its respective coupon barrier level. Because all payments on the securities are based on the worst performing of the underlying shares, a decline of either of the underlying shares by an amount greater than the buffer amount as of the final observation date will result in a loss of your investment, even if the other underlying shares has appreciated or has not declined as much. Investors will not participate in any appreciation of either of the underlying shares. The securities are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

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

FINAL TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley SPDR® S&P® Oil & Gas Exploration & Production ETF (the "XOP Shares") and Market Vectors Gold Miners ETF (the "GDX Shares")
Underlying shares:	
Aggregate principal amount:	\$2,278,000
Stated principal amount:	\$1,000 per security
Issue price:	\$1,000 per security
Pricing date:	January 28, 2019
Original issue date:	January 31, 2019 (3 business days after the pricing date)
Maturity date:	February 2, 2021
Share closing price:	

With respect to each of the underlying shares, the closing price of one share of such underlying shares on such day *times* the adjustment factor on such day

Unless the securities have been automatically redeemed, the contingent monthly coupon payable on the securities will be determined as follows:

At a rate of 10.25% per annum *times* N/ACT

where:

- “N” = the total number of trading days in the applicable coupon payment period on which the share closing price of **each of the underlying shares** is greater than or equal to the coupon barrier level (each such day, an “accrual day”); and

Contingent monthly coupon:

- “ACT” = the total number of trading days in the applicable coupon payment period.

If, on any trading day, the share closing price of either of the underlying shares is below the respective coupon barrier level, no coupon will accrue for that day. It is possible that you will receive no contingent monthly coupon on the securities for extended periods of time if the share closing price of either of the underlying shares were to remain below the respective coupon barrier level.

With respect to the XOP Shares, \$24.00, which is equal to 80% of its initial share price

Coupon barrier level:

With respect to the GDX Shares, \$17.16, which is equal to 80% of its initial share price

With respect to each of the underlying shares, 20%. As a result of the buffer amount of 20%, the price at or above which each of the underlying shares must close on the final observation date so that investors do not suffer a loss on their initial investment in the securities is as follows:

Buffer amount:

With respect to the XOP Shares, \$24.00, which is equal to 80% of its initial share price

With respect to the GDX Shares, \$17.16, which is equal to 80% of its initial share price

Payment at maturity:

If the securities are not redeemed prior to maturity, investors will receive a payment at maturity determined as follows:

- If the final share price of **each of the underlying shares** is **greater than or equal to** 80% of its respective initial share price, meaning that **neither** of the underlying shares has decreased by an amount greater than the buffer

amount of 20% from its respective initial share price:

the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

· If the final share price of **either of the underlying shares is less than 80%** of its respective initial share price, meaning that **either** of the underlying shares has decreased by an amount greater than the buffer amount of 20% from its respective initial share price:

(i) $\$1,000 + [\$1,000 \times (\text{share percent change of the worst performing underlying shares} + 20\%)]$ plus

(ii) any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period

Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000. However, under no circumstances will the securities pay less than the minimum payment at maturity of \$200 per security.

Terms continued on the following page

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.”

Agent:

Estimated value on the pricing date:

\$964.50 per security. See “Investment Summary” beginning on page 3.

Commissions and issue price:

Per security

Total

Price to public **Agent’s commissions⁽¹⁾** **Proceeds to us⁽²⁾**

\$1,000

\$27.50

\$972.50

\$2,278,000

\$62,645

\$2,215,355

Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of \$27.50 for each security they sell. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.

(2)

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

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 11.

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

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 Securities” and “Additional Information About the Securities” at the end of this document.

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

Product Supplement for Auto-Callable Securities dated November 16, 2017
Prospectus dated November 16, 2017

Index Supplement dated November 16, 2017

Morgan Stanley Finance LLC

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

Terms continued from previous page:

The securities are not subject to automatic early redemption until approximately six months after the original issue date.

Early redemption: Following this initial 6-month non-call period, if, on any redemption determination date, beginning on July 29, 2019, the share closing price of **each of the underlying shares** is greater than or equal to its respective initial share price, the securities will be automatically redeemed for an early redemption payment on the related early redemption date. No further payments will be made on the securities once they have been redeemed.

The securities will not be redeemed early on any early redemption date if the share closing price of either of the underlying shares is below its respective initial share price on the related redemption determination date.

Early redemption payment: The early redemption payment will be an amount equal to (i) the stated principal amount for each security you hold *plus* (ii) any accrued and unpaid contingent monthly coupon otherwise due with respect to the coupon payment period.

Redemption determination dates: Beginning after six months, monthly, as set forth under “Coupon Observation Period End-Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below, subject to postponement for non-trading days and certain market disruption events.

Early redemption dates: Starting on August 1, 2019 (approximately six months after the original issue date), monthly. See “Coupon Observation Period End-Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below. If any such day is not a business day, that early redemption payment, if payable, will be made on the next succeeding business day and no adjustment will be made to any early redemption payment made on that succeeding business day.

With respect to the XOP Shares, \$30.00, which is its closing price on the pricing date

Initial share price:

With respect to the GDX Shares, \$21.45, which is its closing price on the pricing date

Final share price: With respect to each of the underlying shares, the closing price of such underlying shares on the final observation date *times* the adjustment factor on such date

Coupon payment period: Monthly. For each coupon payment date, the coupon payment period will be the period from but excluding the pricing date (in the case of the first coupon payment period) or the prior coupon observation period end-date to and including the following coupon observation period end-date; *provided* that the final coupon payment period will end on (and include) the final observation period end-date.

Coupon payment dates: Monthly, as set forth under “Coupon Observation Period End-Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below. If any such day is not a business day, that coupon payment will be made on the next succeeding business day and no

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adjustment will be made to any coupon payment made on that succeeding business day; *provided* that the contingent monthly coupon, if any, with respect to the final coupon observation period end- date shall be paid on the maturity date.

Coupon observation period end-dates:	Monthly, as set forth under “Coupon Observation Period End-Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates” below.
Final observation date:	January 28, 2021, subject to postponement for non-trading days and certain market disruption events.
Minimum payment at maturity:	\$200 per security (20% of the stated principal amount)
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
Worst performing underlying shares:	The underlying shares with the larger percentage decrease from the respective initial share price to the respective final share price
Share percent change:	With respect to each of the underlying shares: (final share price – initial share price) / initial share price
CUSIP / ISIN:	61768DZT5 / US61768DZT52
Listing:	The securities will not be listed on any securities exchange.

Coupon Observation Period End-Dates, Redemption Determination Dates, Coupon Payment Dates and Early Redemption Dates

Coupon Observation Period End-Dates / Redemption Determination Dates	Coupon Payment Dates / Early Redemption Dates
2/28/2019*	3/5/2019*
3/28/2019*	4/2/2019*
4/29/2019*	5/2/2019*
5/28/2019*	5/31/2019*
6/28/2019*	7/3/2019*
7/29/2019	8/1/2019
8/28/2019	9/3/2019
9/30/2019	10/3/2019
10/28/2019	10/31/2019
11/29/2019	12/4/2019
12/30/2019	1/3/2020
1/28/2020	1/31/2020
2/28/2020	3/4/2020
3/30/2020	4/2/2020
4/28/2020	5/1/2020
5/28/2020	6/2/2020
6/29/2020	7/2/2020
7/28/2020	7/31/2020
8/28/2020	9/2/2020
9/28/2020	10/1/2020
10/28/2020	11/2/2020
11/30/2020	12/3/2020
12/28/2020	12/31/2020

1/28/2021

2/2/2021 (maturity date)

* The securities are not subject to automatic early redemption until the sixth coupon payment date, which is August 1, 2019.

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Morgan Stanley Finance LLC

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

Investment Summary

Buffered Range Accrual Auto-Callable Securities

Principal at Risk Securities

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF (the “securities”) do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon, if any, based on the number of trading days in the relevant coupon payment period on which the share closing price of **each of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF**, which we refer to as the underlying shares, is **at or above** 80% of its respective initial share price, which we refer to as the coupon barrier level. If, however, the share closing price of **either of the underlying shares** remains below its respective coupon barrier level for extended periods of time, we will pay reduced contingent monthly coupon payments or no contingent monthly coupon payments at all. Beginning after six months, the securities will be automatically redeemed if the share closing price of each of the underlying shares is **greater than or equal to** its respective initial share price on any monthly redemption determination date for the early redemption payment equal to the sum of the stated principal amount plus any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final share price of each of the underlying shares is **greater than or equal to** 80% of its respective initial share price, meaning that **neither** of the underlying shares has declined by an amount greater than the buffer amount of 20%, the payment at maturity will be the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period. However, if the final share price of **either** of the underlying shares is **less than** 80% of its respective initial share price, meaning that **either** of the underlying shares has declined by an amount greater than the buffer amount of 20%, in addition to receiving any accrued and unpaid contingent monthly coupon, investors will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%. **Accordingly, investors in the securities must be willing to accept the risk of losing up to 80% of their initial investment and also the risk of not receiving any contingent monthly coupons throughout the 2-year term of the securities.** Investors will not participate in any appreciation in the price of either of the underlying shares.

Maturity: Approximately 2 years

Contingent monthly coupon: Unless the securities have been automatically redeemed, the contingent monthly coupon payable on the securities will be determined as follows:

At a rate of 10.25% per annum *times* N/ACT

where:

- “N” = the total number of trading days in the applicable coupon payment period on which the share closing price of **each of the underlying shares** is greater than or equal to the coupon barrier level (each such day, an “accrual day”); and
- “ACT” = the total number of trading days in the applicable coupon payment period.

If, on any trading day, the share closing price of either of the underlying shares is below the respective coupon barrier level, no coupon will accrue for that day. It is possible that you will receive no contingent monthly coupon on the securities for extended periods of time if the share closing price of either of the underlying shares were to remain below the respective coupon barrier level.

Automatic early redemption monthly starting after six months:

The securities are not subject to automatic early redemption until approximately six months after the original issue date. Following this initial 6-month non-call period, if the share closing price of **each of the underlying shares** is greater than or equal to its respective initial share price on any monthly redemption determination date, beginning on July 29, 2019, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount *plus* any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period. No further payments will be made on the securities once they have been redeemed.

Payment at maturity:

If the securities have not previously been redeemed and the final share price of **each of the underlying shares** is **greater than or equal to 80%** of its respective initial share price, meaning that **neither** of the underlying shares has declined by an amount greater than the buffer amount of 20%, the payment at maturity will be the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment

Morgan Stanley Finance LLC

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

period.

If the final share price of **either** of the underlying shares is **less than** 80% of its respective initial share price, meaning that **either** of the underlying shares has declined by an amount greater than the buffer amount of 20%, in addition to receiving any accrued and unpaid contingent monthly coupon, investors will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%. Under these circumstances, the payment at maturity will be less than the stated principal amount of the securities. *However, under no circumstances will the securities pay less than the minimum payment at maturity of \$200 per security.* **Accordingly, investors in the securities must be willing to accept the risk of losing up to 80% of their initial investment.**

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Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

The original issue price of each security is \$1,000. This price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date is less than \$1,000. We estimate that the value of each security on the pricing date is \$964.50.

What goes into the estimated value on the pricing date?

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

In determining the economic terms of the securities, including the contingent monthly coupon rate, the coupon barrier levels and the buffer amount, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more terms of the securities would be more favorable to you.

What is the relationship between the estimated value on the pricing date and the secondary market price of the securities?

The price at which MS & Co. purchases the securities 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 securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying 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.

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

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Morgan Stanley Finance LLC

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

Key Investment Rationale

The securities do not provide for the regular payment of interest. Instead, the securities will pay a contingent monthly coupon based on the number of trading days in the relevant coupon payment period on which the share closing price of **each of the underlying shares is at or above its respective coupon barrier level**. However, if the share closing price of **either of the underlying shares** remains below its respective coupon barrier level for extended periods of time, investors will receive reduced contingent monthly coupon payments or no contingent monthly coupon payments at all. As a result, investors must be willing to accept the risk of not receiving any contingent monthly coupon during the entire 2-year term of the securities. The securities have been designed for investors who are willing to forgo market floating interest rates and risk the loss of principal and accept the risk of receiving reduced contingent monthly coupon payments or no monthly coupons at all, if either of the underlying shares closes below its respective coupon barrier level for extended periods of time, in exchange for an opportunity to earn interest at a potentially above-market rate.

The following scenarios are for illustration purposes only to demonstrate how the coupon and the payment at maturity (if the securities have not previously been redeemed) are calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the securities may or may not be redeemed, the contingent monthly coupon may be payable in none of, or some but not all of, the monthly periods during the 2-year term of the securities, and the payment at maturity may be up to 80% less than the stated principal amount of the securities.

Scenario 1: The securities are redeemed prior to maturity

This scenario assumes that, prior to early redemption, each of the underlying shares closes at or above its respective coupon barrier level on some trading days, but one or both of the underlying shares close below the coupon barrier level(s) on the others. When the share closing price of either of the underlying shares is less than its respective coupon barrier level on any trading day in a coupon payment period, no contingent monthly coupon will accrue for that trading day. Therefore, if the share closing price of either of the underlying shares remains below its respective coupon barrier level for extended periods of time, investors will receive reduced contingent monthly coupons, or no contingent monthly coupons at all.

Beginning after six months, when each of the underlying shares closes at or above its respective initial share price on a monthly redemption determination date, the securities will be

automatically redeemed for the stated principal amount *plus* any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

This scenario assumes that each of the underlying shares closes at or above its respective coupon barrier level on some trading days, but one or both of the underlying shares close below the respective coupon barrier level(s) on the others, and at least one of the underlying shares closes below its initial share price on every monthly redemption determination date. Consequently, the securities are not redeemed early, and investors receive a contingent monthly coupon, if any, based on the number of trading days in the relevant coupon payment period on which the share closing price of each of the underlying shares is at or above its respective coupon barrier level

Scenario 2: The securities are not redeemed prior to maturity, and investors receive principal back at maturity

On the final observation date, each of the underlying shares closes at or above 80% of its respective initial share price, meaning that neither of the underlying shares has declined by an amount greater than the buffer amount of 20%. At maturity investors will receive the stated principal amount and any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period.

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Principal at Risk Securities

Scenario 3: The securities are not redeemed prior to maturity, and investors suffer a loss of principal at maturity

This scenario assumes that each of the underlying shares closes at or above its respective coupon barrier level on some trading days, but one or both of the underlying shares close below the respective coupon barrier level(s) on the others, and at least one of the underlying shares closes below its initial share price on every monthly redemption determination date. Consequently, the securities are not redeemed early, and investors receive a contingent monthly coupon, if any, based on the number of trading days in the relevant coupon payment period on which the share closing price of each of the underlying shares is at or above its respective coupon barrier level.

On the final observation date, at least one of the underlying shares closes below 80% of its respective initial share price, meaning that such underlying shares has declined by an amount greater than the buffer amount of 20%. At maturity, investors will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%, in addition to receiving any accrued and unpaid monthly coupon. Under these circumstances, the payment at maturity will be less than the stated principal amount. Investors may lose up to 80% of their investment in the securities.

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Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples illustrate how to determine whether a contingent monthly coupon is paid with respect to an observation period end-date and how to calculate the payment at maturity, assuming the securities are not redeemed prior to maturity. The following examples are for illustrative purposes only. Whether you receive a contingent monthly coupon will be determined based on the total number of trading days in each monthly coupon payment period on which the share closing price of each of the underlying shares is greater than or equal to its respective coupon barrier level, and the amount you will receive at maturity will be determined by reference to the final share price of each of the underlying shares on the final observation date. For illustrative purposes, the table below assumes that the coupon payment period contains 22 trading days. The actual contingent monthly coupons will depend on the actual number of trading days in each coupon payment period and the actual share closing price of each of the underlying shares on each trading day in such coupon payment period. The actual initial share price and coupon barrier level for each of the underlying shares are set forth on the cover of this document. All payments on the securities are subject to our credit risk. The below examples are based on the following terms:

Unless the securities have been automatically redeemed, the contingent monthly coupon payable on the securities will be determined as follows:

At a rate of 10.25% per annum *times* N/ACT

where:

Contingent Monthly
Coupon:

· “N” = the total number of trading days in the applicable coupon payment period on which the share closing price of **each of the underlying shares** is greater than or equal to the coupon barrier level (each such day, an “accrual day”); and

· “ACT” = the total number of trading days in the applicable coupon payment period.

If, on any trading day, the share closing price of either of the underlying shares is below the respective coupon barrier level, no coupon will accrue for that day. It is possible that you will receive no contingent monthly coupon on the securities for extended periods of time if the share closing price of either of the underlying shares were to remain below the respective coupon barrier level.

Payment at Maturity (if the securities are not) If the final share price of **each** of the underlying shares is **greater than or equal to 80%** of its respective initial share price: the stated principal amount and any accrued and unpaid

redeemed prior to maturity): contingent monthly coupon with respect to the final coupon payment period.

If the final share price of **either** of the underlying shares is **less than** 80% of its respective initial share price:

(i) \$1,000 + [\$1,000 x (share percent change of the worst performing underlying shares + 20%)] *plus* (ii) any accrued and unpaid contingent monthly coupon with respect to the final coupon payment period.

Stated Principal Amount:	\$1,000
Minimum Payment at Maturity:	\$200 per security
Hypothetical Initial Share Price:	With respect to the XOP Shares: \$26.00 With respect to the GDX Shares: \$21.00
Hypothetical Coupon Barrier Level:	With respect to the XOP Shares: \$20.80, which is 80% of its hypothetical initial share price With respect to the GDX Shares: \$16.80, which is 80% of its hypothetical initial share price
Buffer Amount:	With respect to each of the underlying shares: 20%

How to determine whether a contingent monthly coupon is payable with respect to a coupon payment period (if the securities have not been automatically redeemed):

Hypothetical Contingent Monthly Coupon Payable on the Securities: 10.25% per annum times N/ACT

N*Hypothetical Contingent Monthly Coupon

0 [(0/22) x (10.25% x \$1,000)] / 12 = \$0.000 per security

3 [(3/22) x (10.25% x \$1,000)] / 12 = \$1.165 per security

6 [(6/22) x (10.25% x \$1,000)] / 12 = \$2.330 per security

11 [(11/22) x (10.25% x \$1,000)] / 12 = \$4.271 per security

14 [(14/22) x (10.25% x \$1,000)] / 12 = \$5.436 per security

18 [(18/22) x (10.25% x \$1,000)] / 12 = \$6.989 per security

22 [(22/22) x (10.25% x \$1,000)] / 12 = \$8.542 per security

* N = the total number of trading days in the applicable coupon payment period on which the share closing price of each of the underlying shares is greater than or equal to the coupon barrier level

If the share closing price for **either** of the underlying shares is below its respective coupon barrier level for any trading day in the relevant coupon payment period, no contingent monthly coupon will accrue for that trading day, even if the share closing price of the other underlying shares on such trading day is greater than or equal to its respective coupon barrier level. If the share closing price of **either** of the underlying shares remains below its respective coupon barrier level on each trading day in any coupon payment period, you will receive no contingent monthly coupon payment for that coupon period.

Morgan Stanley Finance LLC

Buffered Range Accrual Auto-Callable Securities due February 2, 2021, With 6-month Initial Non-Call Period

All Payments on the Securities Based on the Worst Performing of the SPDR® S&P® Oil & Gas Exploration & Production ETF and the Market Vectors Gold Miners ETF

Principal at Risk Securities

How to calculate the payment at maturity (if the securities have not been automatically redeemed):

Starting after six months, if the share closing price of each of the underlying shares is greater than or equal to its initial share price on any monthly redemption determination date, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount for each security you hold *plus* any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

The examples below illustrate how to calculate the payment at maturity if the securities have not been automatically redeemed prior to maturity.

	Final Share Price		Share Percent Change	Payment at Maturity
	XOP Shares	GDX Shares	XOP Shares	GDX Shares
Example 1:	\$11.70 (the XOP Shares have decreased by an amount greater than the buffer amount)	\$24.15 (the GDX Shares have increased, remained unchanged or decreased by an amount less than or equal to the buffer amount)	(final share price – initial share price) / initial share price = (\$11.70 – \$26.00) / \$26.00 = -55%	= \$1,000 + (share percent change of the worst performing underlying shares + 20%) + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period
			(final share price – initial share price) / initial share price = (\$24.15 – \$21.00) / \$21.00 = 15%	
				= \$1,000 + [\$1,000 x (-55% + 20%)] + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period

Example 2: $\$29.90$ (the XOP Shares have increased, remained unchanged or decreased by an amount **less than** equal to the buffer amount) $\$3.15$ (the GDY Shares have decreased by an amount **greater than** the buffer amount) $(\$29.90 - \$26.00) / 15\%$ $(\$3.15 - \$21.00) / -85\%$

Example 3: $\$28.60$ (**at or above** the coupon barrier level; the XOP Shares have increased, remained unchanged or decreased by an amount less than or equal to the buffer amount) $\$23.10$ (**at or above** the coupon barrier level; the GDY Shares have increased, remained unchanged or decreased by an amount less than or equal to the buffer amount) $(\$28.60 - \$26.00) / 10\%$ $(\$23.10 - \$21.00) / 10\%$

$= \$1,000 + (\$1,000 \times -35\%) = \$650$ + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

$= \$1,000 + [\$1,000 \times (-85\% + 20\%)]$ + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period

$= \$1,000 + (\$1,000 \times -65\%) = \$350$ + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period

The stated principal amount + any accrued and unpaid contingent monthly coupon otherwise due with respect to the related coupon payment period.

For more information, please see above under "How to determine whether a contingent monthly coupon is payable with respect to a coupon payment period."

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Principal at Risk Securities

In examples 1 and 2, the final share price of one of the underlying shares is at or above 80% of its initial share price, but the final share price of the other underlying shares is below 80% of its initial share price. Therefore, investors are exposed to the downside performance of the worst performing underlying shares at maturity, and, in addition to receiving any accrued and unpaid contingent monthly coupon, investors lose 1% of principal for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%.

In example 3, the final share prices of both of the underlying shares is at or above 80% of its initial share price. Therefore, investors receive at maturity the stated principal amount of the securities *plus* any accrued and unpaid contingent monthly coupon payment for the final coupon payment period. However, investors do not participate in the appreciation of any underlying shares.

If the final share price of EITHER of the underlying shares is below 80% of its initial share price, you will be exposed to the downside performance of the worst performing underlying shares at maturity, and, in addition to receiving any accrued and unpaid contingent monthly coupon payment for the final coupon payment period, your payment at maturity will be less than the stated principal amount per security. Under these circumstances, you will lose some, and up to 80%, of your investment in the securities.

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Principal at Risk Securities

Risk Factors

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

The securities provide a minimum payment at maturity of only 20% of your principal. The terms of the securities differ from those of ordinary debt securities in that they provide a minimum payment at maturity of only 20% of the stated principal amount at maturity. If the securities have not been automatically redeemed prior to maturity and if the final share price of **either** of the underlying shares is **less than 80%** of its respective initial share price, meaning that either of the underlying shares has declined by an amount greater than the buffer amount of 20%, you will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%. In this case, the payment at maturity will be less than the stated principal amount. **You could lose up to 80% of your investment in the securities.**

The securities do not provide for the regular payment of interest and may pay no interest over the entire term of the securities. The terms of the securities differ from those of ordinary debt securities in that they do not provide for the regular payment of interest. The securities will pay a contingent monthly coupon based on the number of trading days in the relevant coupon payment period on which the share closing price of **each of the underlying shares** is **at or above 80%** of its respective initial share price, which we refer to as the coupon barrier level. If, on the other hand, the share closing price of **either of the underlying shares** is lower than its respective coupon barrier level on any trading day for a relevant coupon payment period, no coupon will accrue for that trading day, even if the share closing price of the other underlying shares on such trading day is greater than or equal to its respective coupon barrier level. It is possible that the share closing price of one or both of the underlying shares could remain below the respective coupon barrier level(s) for extended periods of time or even throughout the entire 2-year term of the securities so that you will receive reduced contingent monthly coupon payments or no contingent monthly coupons. If you do not earn sufficient contingent monthly coupons over the term of the securities, the overall return on the securities may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity.

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You are exposed to the price risk of each of the underlying shares, with respect to both the contingent monthly coupons, if any, and the payment at maturity. Your return on the securities is not linked to a basket consisting of each of the underlying shares. Rather, it will be contingent 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 each of the underlying shares. Poor performance by **either** of the underlying shares over the term of the securities may negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying shares. For **any** contingent monthly coupon to accrue for any trading day in a relevant coupon payment period, **each of the underlying shares** must close at or above its respective coupon barrier level on such trading day. In addition, if **either** of the underlying shares has declined to below 80% of its respective initial share price as of the final observation date, meaning that either of the underlying shares has declined by an amount greater than the buffer amount of 20%, you will lose 1% for every 1% decline in the final share price of the worst performing underlying shares from its initial share price beyond the buffer amount of 20%, even if the other underlying shares has appreciated or has not declined as much. Under this scenario, the value of any such payment will be less than the stated principal amount. Accordingly, your investment is subject to the price risk of each of the underlying shares.

Investing in the securities exposes investors to risks associated with investments in securities with a concentration in the oil and gas exploration and production industry. The stocks included in the S&P[®] Oil & Gas Exploration & Production Select Industry Index[®] and that are generally tracked by the XOP Shares are stocks of companies whose primary business is associated with the exploration and production of oil and gas. As a result, the value of the securities