

**PRICING SUPPLEMENT**

**Pricing Supplement dated 30 August 2018**

**Morgan Stanley B.V.**

**Legal Entity Identifier (LEI): KG1FTTDCCK4KNVM3OHB52**

Issue of CNY 11,000,000 Basket of Shares Notes

Guaranteed by Morgan Stanley

under the

**Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates**

The Offering Circular referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (as amended, including by Directive 2010/73/EU (together, the "**Prospectus Directive**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Warning: Neither this Pricing Supplement nor the Offering Circular referred to below constitutes a "prospectus" for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the "**Prospectus Directive**"), and the Pricing Supplement and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Directive in relation to any Notes be offered and sold under hereby.

**THE NOTES ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR DEPOSIT PROTECTION SCHEME ANYWHERE, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.**

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

**IF THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES INCLUDES A LEGEND ENTITLED "PROHIBITION OF SALES TO EEA RETAIL INVESTORS", THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:**

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("MIFID II");**
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR**
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC, AS AMENDED.**

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CONSEQUENTLY IF THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES INCLUDES A LEGEND ENTITLED "PROHIBITION OF SALES TO EEA RETAIL INVESTORS", NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN OR WILL BE PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

#### PART A – CONTRACTUAL TERMS

THE NOTES DESCRIBED HEREIN, AND ANY GUARANTEE IN RESPECT THEREOF, AND THE SECURITIES TO BE DELIVERED ON REDEMPTION OF THE NOTES (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED OR WILL REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED.

THE NOTES DESCRIBED HEREIN, ANY INTEREST THEREIN, ANY GUARANTEE IN RESPECT THEREOF AND THE SECURITIES TO BE DELIVERED ON REDEMPTION OF THE NOTES (IF ANY) MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED OR REDEEMED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT). HEDGING TRANSACTIONS INVOLVING ANY "EQUITY SECURITIES" OF "DOMESTIC ISSUERS" (AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT AND REGULATIONS THEREUNDER) MAY ONLY BE CONDUCTED IN ACCORDANCE WITH THE SECURITIES ACT. SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE ACCOMPANYING OFFERING CIRCULAR DATED 29 JUNE 2018. IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON.

THE NOTES ARE NOT RATED.

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein. This Pricing Supplement must be read in conjunction with the Offering Circular dated 29 June 2018 (the "**Offering Circular**"). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA. The Offering Circular has also been published on the website of the Euronext Dublin ([www.ise.ie](http://www.ise.ie)) and the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### INFORMATION CONCERNING INVESTMENT RISK

Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. The amount payable or the number of Shares deliverable on redemption of the Notes is linked to the performance of the Share (as defined herein). Given the highly specialised nature of these Notes, Morgan Stanley B.V. (the "Issuer"), Morgan Stanley & Co. International plc ("MSI plc" or the "Dealer") consider that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment linked to each Share, are willing to take risks and can absorb the partial or complete loss of their initial investment. Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.

Potential investors are urged to consult with their legal, regulatory, investment, accounting, tax and other advisors with regard to any proposed or actual investment in these Notes. Please see the Offering Circular for a full detailed description of the Notes and in particular, please review the section of the Offering Circular entitled “*Risk Factors Relating to the Program Securities*”. Investing in the Notes entails certain risks including, but not limited to, the following:

- ***Adjustment and Discontinuation Risk:*** The terms and conditions of the Notes will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where each Share or any exchanges are affected by market disruption, adjustment events or circumstances affecting normal activities of the issuer of each Share or the relevant exchange(s). In such circumstances, the Determination Agent can determine whether to redeem the Notes early, or adjust the terms of the Notes, which may include adjustments to the initial price or even each Share. Potential investors should review the Offering Circular for a detailed description of potential adjustment events and adjustments.
- ***Credit Risk:*** The holder of the Notes will be exposed to the credit risk of the Issuer and the Guarantor.
- ***No Principal Protection:*** The principal amount is not protected. Potential investors run the risk that they may receive an amount which is significantly less than their initial investment.
- ***Exit Risk:*** The secondary market price of the Notes will depend on many factors, including the value and volatility of each Share, the price of each Share at any time on any day and the time left until the maturity of the Notes and the creditworthiness of the Issuer. The secondary market price may be lower than the market value of the issued Notes as at the Issue Date to take into account amounts paid to distributors and other intermediaries relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations. As a result of all of these factors, the holder may receive an amount in the secondary market which may be less than the then intrinsic market value of the Note and which may also be less than the amount the holder would have received had the holder held the Note through to maturity.
- ***Exchange Rate Risk and Exchange Control Risk:*** An investment in a Note denominated in currencies other than the investor's home currency or the currency selected for payments entails significant risks including the possibility of significant changes in rates of exchange between its home currency (or the currency for payment) and the other relevant currencies, which could be highly volatile, and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities. In addition, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in the investor's loss of all or a substantial portion of the value of that Note. Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a relevant currency. Even if there are no actual exchange controls, it is possible that the applicable currency for any security would not be available when payments on that security are due.
- ***Hedging Risk:*** On or prior to and after the Trade Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Notes by taking positions in the Share, in option contracts on the Share or positions in any other available securities or instruments. In addition, the Issuer and its affiliates trade the Share as part of their general businesses. Any of these activities could potentially affect the value of the Share including on the Determination Date, and accordingly, could significantly affect the payout to holders on the Notes.
- ***Liquidity Risk:*** The Dealer will make a secondary market in the Notes on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. The liquidity of the Notes

reflects the liquidity of each Share and even whilst there may be a secondary market in the Notes it may not be liquid enough to facilitate a sale by the holder.

- **No Shareholder Rights:** A holder of Notes will have no beneficial interest in or any voting rights and will not have the right to receive dividends or other distributions with respect to the Share.
- **Potential Conflict of Interest:** The Determination Agent is an affiliate of the Issuer and the economic interests of the Determination Agent may be adverse to the interests of holders of the Notes. Determinations made by the Determination Agent, including in the event of a market disruption may affect the amount payable to holders pursuant to the terms of the Notes.
- **Underlying Issuer Risk:** The issuer of the Share is not an affiliate of the Issuer or its affiliates and is not involved with this offering in any way. Consequently, the Issuer and the Determination Agent have no ability to control the actions of the Issuer of the Share, including any rebalancing that could trigger an adjustment to the terms of the Notes by the Determination Agent.

In purchasing any Notes, purchasers will be deemed to represent and undertake to the Issuer, the Dealer and each of their affiliates that (i) such purchaser understands the risks and potential consequences associated with the purchase of the Notes, (ii) that such purchaser has consulted with its own legal, regulatory, investment, accounting, tax and other advisers to extent it believes is appropriate to assist it in understanding and evaluating the risks involved in, and the consequences of, purchasing the Notes.

Morgan Stanley is not qualified to give legal, tax or accounting advice to its clients and does not purport to do so in this Pricing Supplement. Clients are urged to seek the advice of their own professional advisers about the consequences of the proposals contained herein.

#### GENERAL

- |    |      |  |   |
|----|------|--|---|
| 1. | (i)  | Issuer:                                | Morgan Stanley B.V.   |
|    | (ii) | Guarantor:                             | Morgan Stanley  |
| 2. | (i)  | Series Number:                         | H8698   |
|    | (ii) | Tranche Number:                        | One   |
| 3. |      | Specified Currency or Currencies:      | Renminbi, the lawful currency of the People's Republic of China (which for the purpose herein, excludes Hong Kong and Macau Special Administrative Regions and Taiwan, the "PRC") which is deliverable offshore ("CNY")<br><br>All payments in CNY in respect of the Notes will be made solely by credit to a Renminbi bank account in Hong Kong maintained in accordance with the prevailing laws, rules, regulations and guidelines issued from time to time. |
| 4. |      | Aggregate Nominal Amount of the Notes: |   |
|    | (i)  | Series:                                | CNY 11,000,000  |
|    | (ii) | Tranche:                               | CNY 11,000,000  |
| 5. |      | Issue Price:                           | 100 per cent. of par per Note   |

- |     |   |   |
|-----|---|---|
| 6.  | (i) Specified Denominations:                      | CNY 500,000   |
|     | (ii) Calculation Amount ("Par"):                  | CNY 500,000   |
|     | (iii) Minimum Trading:                            | CNY 500,000 and thereafter CNY 500,000 in aggregate nominal amount of the Notes.  |
| 7.  | (i) Issue Date:                                   | 30 August 2018  |
|     | (ii) Trade Date:                                  | 16 August 2018  |
|     | (iii) Interest Commencement Date:                 | 30 August 2018  |
|     | (iv) Strike Date:                                 | Trade Date  |
|     | (v) Determination Date:                           | 30 August 2019 and such date shall be subject to adjustment in accordance with Condition 10.1 ( <i>Valuation, Market Disruption and Averaging Dates</i> ). The Determination Date shall be the " <b>Final Valuation Date</b> ".   |
| 8.  | Maturity Date:                                    | 6 September 2019, subject to adjustment (i) in accordance with the relevant Business Day Convention in the event such date is not a Business Day or (ii) such that the Maturity Date shall always be at least 5 Business Days following the Latest Valuation Date in respect of the Determination Date. |
| 9.  | Interest Basis:                                   | 2% per Interest Period  |
| 10. | Redemption/Payment Basis:                         | Equity-Linked Redemption  |
| 11. | Change of Interest or Redemption/Payment Basis:   | Not Applicable  |
| 12. | Put/Call Options/ Autocallable Early Redemption:  |   |
|     | (i) Redemption at the Option of the Issuer:       | Not Applicable  |
|     | (Condition 21.5)                                  |   |
|     | (ii) Redemption at the Option of the Noteholders: | Not Applicable  |
|     | (Condition 21.7)                                  |   |
|     | (iii) Autocallable Early Redemption:              | Applicable  |
|     | (Condition 18)                                    |   |
|     | (iv) Other Put/Call Options:                      | Not Applicable  |
| 13. | (i) Status of the Notes:                          | As set out in Condition 4.1   |
|     | (Condition 4)                                     |   |
|     | (ii) Status of the Guarantee:                     | As set out in Condition 4.2   |

14. Method of distribution: Non-syndicated

**RELEVANT UNDERLYING**

15.

(A) Single Share Notes, Share Basket Notes: Applicable

(Condition 10)

(i) Whether the Notes relate to a single share or a basket of shares (each, a "Share") and the identity of the relevant issuer(s) and class of the Share (each, a "Share Issuer"). Share Basket Notes related to the ordinary shares of the following Share Issuer:

i	Share Issuer	Bloomberg	Initial Price	Strike Price (82.08% of the Initial Price)	Autocallable Price	Exchange
1	CHINA CONSTRUCTION BANK CORPORATION	939 HK Equity	HKD 6.7500	HKD 5.5404	HKD 6.6150	Hong Kong Exchanges And Clearing LTD
2	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD.	1398 HK Equity	HKD 5.5800	HKD 4.5801	HKD 5.4684	Hong Kong Exchanges And Clearing LTD
3	BANK OF CHINA LTD.	3988 HK Equity	HKD 3.5200	HKD 2.8892	HKD 3.4496	Hong Kong Exchanges And Clearing LTD

(ii) Partial Lookthrough ADR Provisions: Not Applicable

(iii) Full Lookthrough ADR Provisions: Not Applicable

(iv) Exchange(s): As specified above

(v) Related Exchange(s): All Exchanges

(B) Single Index Notes, Index Basket Notes: Not Applicable

(Condition 10)

(C) Single ETF Notes, ETF Basket Notes: Not Applicable

(Condition 10)

(D) Commodity-Linked Notes: Not Applicable

- (Condition 11)
- (E) Currency-Linked Notes: Not Applicable  
(Condition 12)
- (F) Inflation-Linked Notes: Not Applicable  
(Condition 13)
- (G) Property-Linked Notes: Not Applicable  
(Condition 14)
- (H) Fund-Linked Notes: Not Applicable  
(Condition 15)
- (I) Preference Share-Linked Notes: Not Applicable  
(Condition 17)

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions: Applicable  
(Condition 5)
- (i) Rate of Interest: 2 per cent. per Interest Period payable on each Interest Payment Date
- (ii) Interest Period: Please see Interest Period in Annex 1 below.
- (iii) Interest Payment Dates: Please see Interest Payment Date in Annex 1 below.
- In each case, subject to adjustment in accordance with the Business Day Convention and such that each Interest Payment Date shall always be at least 5 Business Days following the Latest Valuation Date in respect of the corresponding Autocallable Early Redemption Observation Date.
- If an Autocallable Early Redemption Event occurs, the final Interest Payment Date shall be the Autocallable Early Redemption Date and no further interest shall be payable thereafter.
- (iv) Fixed Coupon Amount: CNY 10,000 per Calculation Amount
- (v) Broken Amount(s): Not Applicable
- (vi) Day Count Fraction: Not Applicable
- (vii) Business Day Convention: Modified Following Business Day Convention
- (viii) Additional Business Centre(s): Please refer to paragraph 46 below
- (ix) Other terms relating to the method of Not Applicable

calculating interest for Fixed Rate Notes:

- (x) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): Morgan Stanley & Co. International plc (the “**Determination Agent**”). The Determination Agent shall act as an expert and not as an agent for the Issuer or the Noteholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith.

17. Floating Rate Note Provisions: Not Applicable
18. Zero Coupon Note Provisions: Not Applicable
19. Dual Currency-Linked Note Interest Provisions: Not Applicable
20. Equity Linked Interest Note Provisions: Not Applicable
21. Commodity-Linked Interest Note Provisions: Not Applicable
22. Currency-Linked Interest Note Provisions: Not Applicable
23. Inflation-Linked Interest Note Provisions: Not Applicable
24. Property-Linked Interest Note Provisions: Not Applicable
25. Fund-Linked Interest Note Provisions: Not Applicable
26. Credit-Linked Interest Note Provisions: Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

27. Call Option: Not Applicable
28. Put Option: Not Applicable
29. Autocallable Early Redemption: Applicable

(Condition 18)

An Autocallable Early Redemption Event is deemed to have occurred if, in the determination of the Determination Agent, the Closing Price of the Worst Performing Share is equal to or greater than its Autocallable Price on any Autocallable Early Redemption Observation Date (“**Autocallable Early Redemption Event**”).

- (i) Autocallable Early Redemption Observation Date(s): Each relevant Valuation Date as set out in the table in Annex 1 below.

For the avoidance of doubt, each Valuation Date is subject to adjustment in accordance with Condition 10.1 (*Valuation, Market Disruption And Averaging Dates*).



- (ii) Autocallable Early Redemption Amount(s) of each Note and method and calculation of such amount(s): An amount in the Specified Currency equal to the Specified Denomination and for the avoidance of doubt, together with any Interest Amount(s).
- (iii) Autocallable Early Redemption Date(s): Means if an Autocallable Early Redemption Event occurs on an Autocallable Early Redemption Observation Date, each Note will be early redeemed on the Interest Payment Date immediately following the relevant Autocallable Early Redemption Observation Date.
30. Final Redemption Amount of each Note: As specified in paragraph 32 below  
(Condition 21.1)
31. Dual Currency Redemption Provisions: Not Applicable
32. Equity-Linked Redemption Provisions: Applicable  
(Condition 10)
- (A) Single Share Notes, Share Basket Notes: Applicable
- (i) Determination Agent responsible for calculating the Final Redemption Amount: Morgan Stanley & Co. International plc (the "**Determination Agent**"). The Determination Agent shall act as an expert and not as an agent for the Issuer or the Noteholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith.
- (ii) Provisions for determining Final Redemption Amount: Unless previously redeemed, or purchased and cancelled and unless an Autocallable Early Redemption Event has occurred, each Note (of the Specified Denomination) shall be redeemed in accordance with paragraph (i) or (ii) below, as is applicable:
- (i) if the Closing Price of the Final Worst Performing Share on the Final Valuation Date is equal to or greater than its Strike Price, then Cash Settlement shall apply and an amount in the Specified Currency equal to the Specified Denomination shall be paid on the Maturity Date in respect of each Note (of the Specified Denomination); or
- (ii) if the Closing Price of the Final Worst Performing Share on the Final Valuation Date is less than its Strike Price, then Physical Settlement shall apply and the Physical Delivery Amount will be delivered,

and any Fractional Cash Amount will be paid, on the Maturity Date in respect of each Note (of the Specified Denomination), subject to the provisions of Condition 24 (*Physical Settlement*).

Where:

**“Closing Price”** means, in respect of any Share and any relevant day, the official closing price of such Share quoted on the Exchange on that day, as determined by the Determination Agent.

**“Adjusted Number of Shares”** means, in respect of each Note (of the Specified Denomination), a number of Shares obtained after rounding down the Number of Shares to the nearest whole Share deliverable.

**“Fractional Amount”** means, in respect of each Note (of the Specified Denomination), an amount equal to (i) the Number of Shares minus (ii) the Adjusted Number of Shares, as determined by the Determination Agent.

**“Fractional Cash Amount”** means, in respect of each Note (of the Specified Denomination), an amount in the Specified Currency (rounded to two decimal places, with 0.005 rounded upwards), determined by the Determination Agent as the *product of* (i) the Fractional Amount and (ii) the Closing Price of the Final Worst Performing Shares, *divided by* FX Rate.

**“FX Rate”** means, in respect of the Final Worst Performing Shares, the exchange rate of 1 unit of the Specified Currency of the Note (the “Reference Currency”), converted into an amount in the denomination currency of the Final Worst Performing Shares (the “Underlying Currency”), as determined by the Determination Agent by reference to applicable Reuters page of the relevant Reference Currency, at the closing time of the relevant Exchange on the Final Valuation Date as determined by the Determination Agent. Provided that if it is impracticable for the Determination Agent to make reference to Reuters page for the Reference Currency, the rate shall be determined by the Determination Agent in its good faith and its sole and absolute discretion.

For the avoidance of doubt, “FX Rate” shall be equal to 1 if the Reference Currency is the same as the Underlying Currency.

**“Number of Shares”** means the number of Shares equal to (i) the Specified Denomination per Note times the FX Rate divided by (ii) the Strike Price of the Final Worst Performing Share (rounded to four

decimal places, with 0.00005 rounded upwards).

**“Physical Delivery Amount”** means, in respect of each Note (of the Specified Denomination), a number of Shares equal to the Adjusted Number of Shares.

The Issuer shall also pay the Fractional Cash Amount in respect of each Note (of the Specified Denomination) on the Maturity Date.

**“Underlying Performance”** means, in respect of a Share and any relevant date, a value determined by the Determination Agent to be equal to (i) the Closing Price of such Share on such date, divided by (ii) the Initial Price of such Share.

**“Worst Performing Share”** means in respect of any relevant date, the Share with the lowest Underlying Performance on such date, as determined by the Determination Agent. For the avoidance of doubt, if two (2) or more Shares have exactly the same Underlying Performance, the Determination Agent will determine in its sole discretion the Worst Performing Share out of such Shares for such date.

**“Final Worst Performing Share”** means the Worst Performing Share in respect of the Final Valuation Date.

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|--------|--|--|
| (iii)  | Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Settlement or (c) in certain circumstances depending on the closing price of the Share, Cash Settlement or Physical Settlement at the option of the Issuer: | Cash Settlement or Physical Settlement, in the manner described in paragraph 32(A)(ii) above |
| (iv)   | Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:   | Not Applicable   |
| (v)    | Weighting for each Share comprising the basket:  | Not Applicable   |
| (vi)   | Averaging Dates:   | Not Applicable   |
| (vii)  | Averaging Date Disruption:   | Not Applicable   |
| (viii) | Observation Date(s):   | Not Applicable   |
| (ix)   | Observation Period(s):   | Not Applicable   |
| (x)    | Determination Time(s):   | In respect of each Share, as specified in the Conditions                                     |
| (xi)   | Delivery provisions for Shares   | Condition 24 ( <i>Physical Settlement</i> ) is applicable.                                   |

	(including details of who is to make such delivery):	
(xii)	Physical Settlement:	Applicable in the manner described in paragraph 32(A)(ii) above. The provisions of Condition 24 ( <i>Physical Settlement</i> ) shall apply.
(xiii)	Additional Disruption Events:	Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging shall apply
(xiv)	Business Day Convention:	Modified Following Business Day Convention
(xv)	Additional Business Centre(s):	As specified in paragraph 46
(xvi)	Other special terms and conditions:	Not Applicable
(B)	Single Index Notes, Index Basket Notes:	Not Applicable
(C)	Single ETF Notes, ETF Basket Notes:	Not Applicable
33.	Commodity-Linked Redemption Provisions:	Not Applicable
34.	Currency-Linked Redemption Provisions:	Not Applicable
35.	Inflation-Linked Redemption Provisions:	Not Applicable
36.	Property-Linked Redemption Provisions:	Not Applicable
37.	Fund-Linked Redemption Provisions:	Not Applicable
38.	Credit-Linked Redemption Provisions:	Not Applicable
39.	Preference Share-Linked Redemption Provisions:	Not Applicable
40.	(i) Early Redemption Amount upon Event of Default: (Condition 26)	Qualified Financial Institution Determination
	(ii) Early Redemption Amount payable upon an event described in Conditions 10.4(a)(iii), 10.4(b)(iii) and 10.6(c):	Fair Market Value Less Costs
	(iii) Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons: (Condition 21.3)	Fair Market Value Less Costs
41.	Illegality and Regulatory Event (Condition 27)	
	(i) Illegality and Regulatory Event:	Applicable
	(ii) Early Redemption Amount (Illegality	Early Redemption Amount (Illegality and Regulatory

- and Regulatory Event): Event) – Fair Market Value Less Costs shall apply
42. Substitution of Issuer or Guarantor with non Morgan Stanley Group entities: Applicable

(Condition 38.2)

43. Governing Law: English law

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

44. Form of Notes: Registered Notes  
(Condition 3) Global Note Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Note Certificates in the limited circumstances described in the Global Note Certificate
45. Record Date: The Record Date is one Clearing System Business Day before the relevant due date for payment
46. Additional Financial Centre(s) or other special provisions relating to Payment Business Days: Hong Kong and London  
For the avoidance of doubt, the Principal Financial Centre for CNY shall be Beijing, for the purposes of the definition of "Payment Business Day" in Condition 2.1 (*Definitions*) and for the purposes of Condition 22.5 (*Payments on Payment Business Days*).
47. Determination Agent: Morgan Stanley & Co. International plc
48. Details relating to Partly Paid Notes: Not Applicable  
amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
49. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable
50. Redenomination, renominatisation and reconventioning provisions: Not Applicable
51. Restrictions on free transferability of the Notes: None
52. Inconvertibility Event Provisions: Not Applicable
53. CNY Center: Hong Kong
54. Taxation:  
(i) Condition 25.1: "Additional Amounts" is Not Applicable

- (ii) Condition 25.4: Implementation of Financial Transaction Tax: Applicable
55. Other terms:
1. Appendix 1 and Annex 1
  2. The following terms shall have the following meanings:
- "Latest Valuation Date"** means, in respect of a Single Index Note, Single Share Note or Single ETF Note and a Valuation Date, such Valuation Date and in respect of an Index Basket Note, Share Basket Note or ETF Basket Note and a Valuation Date (for the purpose of this definition, a "Relevant Valuation Date"):
- (i) if, as a result of a Relevant Valuation Date not being a Scheduled Trading Day for any Index, Share or, as the case may be, ETF Interest or as a result of a Disrupted Day for any Index, Share or, as the case may be, ETF Interest, the Relevant Valuation Date for two or more Indices, Shares or, as the case may be, ETF Interests falls on different dates, the date corresponding to the Relevant Valuation Date which is the latest to occur, as determined by the Determination Agent; or
  - (ii) if the Relevant Valuation Date for all of the Indices, Shares or, as the case may be, ETF Interests falls on the same date (after adjustment, if any, for non-Scheduled Trading Days or Disrupted Days), such same date corresponding to the Relevant Valuation Date.

#### DISTRIBUTION

56. (i) If syndicated, names of Managers: and underwriting commitments (and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager(s) (if any): Not Applicable
57. If non-syndicated, name and address of Dealer: Morgan Stanley & Co. International plc  
25 Cabot Square  
Canary Wharf  
London E14 4QA
58. U.S. Selling Restrictions: Regulation S
59. Total commission and concession: Not Applicable

60. Additional selling restrictions: Not Applicable

#### Taxation

This discussion is limited to the U.S. federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of an investment in the Notes. Holders should seek their own advice based upon their particular circumstances from an independent tax advisor.

A Non-U.S. Holder (as defined in the Offering Circular) should review carefully the section entitled "*United States Federal Taxation*" in the Offering Circular.

#### POTENTIAL SECTION 871(M) TRANSACTION

Please see paragraph 4 of Part B – Other Information to this Pricing Supplement for additional information regarding withholding under Section 871(m) of the Code.





## PART B – OTHER INFORMATION

### 1. LISTING

Listing and admission to Trading: Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of Euronext Dublin and trading on its Global Exchange Market with effect from on or around the Issue Date.

Estimate of total expenses related to admission to Trading: EUR 600

### 2. RATINGS

Ratings: The Notes will not be rated.

### 3. OPERATIONAL INFORMATION

ISIN: XS1858819201

Common Code: 185881920

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking *société anonyme* and the relevant identification number(s): Not Applicable

CFI: Not Applicable

FISN: Not Applicable

Delivery: Delivery free of payment

Names and addresses of initial Paying Agent(s): As per the Conditions

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

**4. POTENTIAL SECTION 871(M) TRANSACTION**

The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.

**5. PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

Applicable

**6. BENCHMARK REGULATION**

Not Applicable

## APPENDIX 1

This Pricing Supplement is not an offer or a solicitation to buy or sell the Notes described in this Pricing Supplement. However, if you agree with us (whether by telephone or otherwise) that you will purchase Notes of the kind described in this Pricing Supplement (subject to any modifications agreed between us) your purchase will be deemed to include the following representations, warranties, undertakings and acknowledgements (the “purchaser” in the following text being you) (which representations, warranties and undertakings are deemed to be repeated on every day while the Notes are outstanding):

- (A) The purchaser represents and undertakes to the Issuer, the Distribution Agent and each of their affiliates that (i) it is purchasing the Notes as principal or trustee (and not as agent or in any other capacity); (ii) none of the Issuer, the Distribution Agent or their affiliates is acting as a fiduciary or an advisor to it in respect of the Notes; (iii) it is not relying upon any representations made by the Issuer, the Distribution Agent or any of their affiliates; (iv) it has consulted with its own legal, regulatory, tax, business, investments, financial, and accounting advisers to the extent that it has deemed necessary, and it has made its own investments, hedging and trading decisions based upon its own judgement and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or any of its affiliates or agents, (v) it is purchasing the Notes with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks and (vi) it is not purchasing the Notes as an extension of credit to Morgan Stanley pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- (B) The purchaser represents and undertakes to the Issuer, the Distribution Agent and each of their affiliates that it will not, directly or indirectly, offer, sell or arrange the sale of any instruments or distribute or publish any offering materials (which for the avoidance of doubt will include any offering circular, prospectus, marketing materials, form of application, advertisement, other document or information) or carry out any type of solicitation in connection with the Notes (in either case in any manner whatsoever, including via the internet) in any country or jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations (including, for the avoidance of doubt, Rule 903(a) and 903(b)(2) of Regulation S of the Securities Act), and that will not constitute a public offering of the instruments as such term is understood under the applicable laws of the relevant country or jurisdiction, or give rise to any liability for the Issuer, the Distribution Agent or any of their respective directors, officers, employers, agents or affiliates;
- (C) The purchaser (i) acknowledges that the Notes have not been and will not be registered under the Securities Act or any securities laws of any state of the United States and are subject to U.S. tax requirements; (ii) agrees that the purchaser and each of its affiliates will not offer, sell, transfer or deliver, at any time, any of the Notes, directly or indirectly, in the United States (which term includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America) or to for the account or benefit of any U.S. Person (as defined in Regulation S under the Securities Act or the Internal Revenue Code); and (iii) undertakes to the Issuer, the Distribution Agent and each of their affiliates that all offers, sales and arrangements of sales of any Notes by it will be made on terms requiring the person(s) with whom it is dealing to undertake as set out in (i), (ii) and (iii) above;
- (D) The purchaser acknowledges and agrees that its clients and any person to whom it on-sells any Notes (whether or not identified to MSIP) will remain the purchaser’s sole responsibility and will not become clients or customers of MSIP for the purposes of the rules and guidance of the Financial Conduct Authority of the UK (“FCA”) published by the FCA in its handbook from time to time. It further represents, warrants and agrees that it shall, and it will procure that its affiliates shall, include a disclaimer prominently in each marketing material prepared by it or on its behalf to the effect that, inter alia, none of the Issuer, MSIP nor any of their respective directors, officers, employees, agents or

affiliates (each a "Person") has been involved in the preparation of the information nor has issued nor approved it and that accordingly no Person takes any responsibility for such information or makes any representation or warranty regarding the accuracy, completeness or adequacy of such information and no liability to any party is accepted by any Person in connection with such information. The purchaser represents and undertakes that any Marketing Materials are or will be true and accurate in all material respects and consistent in all material respects with the contents of the relevant prospectus and do not and shall not contain any omissions that would make them misleading. In the event that the purchaser or any affiliate of it prepares any advertising or promotional materials with respect to the Notes it shall obtain all applicable consents and approvals and it shall also obtain the express prior written consent of the Issuer or the relevant affiliate must be obtained for any reference therein to the Issuer or any of its affiliates;

- (E) The purchaser will be committed to purchase at the issue price stated in the Pricing Supplement t (or at the price otherwise agreed between us) Notes, when issued, in the agreed quantity and having terms, as provided in the definitive documentation, consistent with those in this Pricing Supplement (subject to any modifications agreed between us);
- (F) We may enter into hedging or other arrangements in reliance upon your commitment, and, if the purchaser fails to comply with the purchaser's commitment, the purchaser's liability to us shall include liability for our costs and losses in unwinding such hedging or other arrangements;
- (G) The purchaser agrees that it has obtained all requisite licenses, consents and regulatory approvals to enter into this transaction and to on-sell any Notes to any investors all such regulatory approvals are valid and subsisting;
- (H) The purchaser shall comply and shall procure that its affiliates, as appropriate, shall comply, with all applicable selling restrictions in respect of the sale of the Notes in any jurisdiction (including without limitation those set out in the offering documents) and requirements set out in the offering documents and any other regulations relating to the offer, sale or transfer of any Notes;
- (I) The purchaser shall not distribute the Notes to any investors or in a manner such that MSIP or the relevant Issuer would be required to file or register a prospectus, take any action or otherwise qualify the Notes for a public offering in any jurisdiction;
- (J) where the purchaser receives any fee, rebate or discount it shall not be in breach of any regulations or customer or contractual requirements or obligations and it shall, where required to do so (whether by any applicable regulation, contract, fiduciary obligation or otherwise), disclose such fees, rebates and discounts to its investors. It acknowledges that where fees are payable, or rebates or discounts applied, the relevant Issuer and MSIP are obliged to disclose the amounts and/or basis of such fees, rebates or discounts at the request of any of the purchaser's investors;
- (K) The purchaser agrees that it shall only offer and on-sell the Notes under circumstances which will result in compliance with all applicable laws and regulations, codes of conduct and selling practices, including but not limited to investment intermediaries laws, prospectus and public offer laws and anti-money laundering laws and regulations, to prospective investors who are sophisticated and capable of assessing and assuming the risks associated with an investment in the relevant Securities. The purchaser will either (i) obtain representations, warranties, undertakings and indemnities (corresponding to those given by the purchaser herein) from such investor in such a form that would be directly enforceable by MSIP and any affiliates or (ii) take responsibility for the acts and omissions of such prospective investors;
- (L) The purchaser agrees that any purchase of Notes from MSIP and any on-sale of such Notes by it shall be effected as trustee or principal and not as agent for MSIP or the Issuer each of whom shall assume

no responsibility or liability whatsoever in relation to any such transaction. Neither it nor any of its affiliates has authority to, nor shall not make any representation or offer any warranty to investors regarding the Notes, the Issuer or MSIP. Neither the Issuer nor MSIP assume a responsibility whatsoever in relation to any representation or warranty made by the purchaser in breach hereof;

- (M) It shall not appoint any agent other than its affiliates to act on its behalf in relation to any marketing or on-sale of any Notes. Where the purchaser distributes through its affiliates, it represents and agrees that it shall notify any affiliate appointed by or acting as purchaser on its behalf of the terms outlined herein and shall procure that any such affiliate shall observe those terms;
- (N) The purchaser agrees that no element of this transaction shall constitute, or be deemed to constitute, a partnership between the parties nor shall it constitute, or be deemed to constitute, either party as the agent of the other party for any purpose; and
- (O) The purchaser itself agrees and undertakes to indemnify and hold harmless and keep indemnified and held harmless the Issuer, the Distribution Agent and each of their respective affiliates and their respective directors, officers and controlling persons from and against any and all losses, actions, claims, damages and liabilities (including without limitation any fines or penalties and any legal or other expenses incurred in connection with defending or investigating any such action or claim) caused directly or indirectly by the purchaser or any affiliate or agent of it as a result of non-compliance with any of the provisions set out in the representations herein, or as a result of acting otherwise than as required or contemplated herein.

## ANNEX 1

INTEREST PERIOD	START DATE	END DATE	VALUATION DATE	INTEREST PAYMENT DATE
1	30 August 2018	30 November 2018	30 November 2018	7 December 2018
2	3 December 2018	28 February 2019	28 February 2019	7 March 2019
3	1 March 2019	30 May 2019	30 May 2019	6 June 2019
4	31 May 2019	30 August 2019	30 August 2019	6 September 2019