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Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Enhanced Buffered Jump Securities Based on the Value of the Worst Performing of the S&P 500[®] Index and the Russell 2000[®] Index due April 30, 2021

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The Enhanced Buffered Jump Securities, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities have the terms described in the accompanying product supplement for Jump Securities, index supplement and prospectus, as supplemented and modified by this document. The securities pay no interest and will instead pay an amount in cash at maturity that may be greater than or less than the stated principal amount, depending on the closing values of the underlying indices on the valuation date. If the final index value of **each** underlying index **is greater than or equal to 80%** of its respective initial index value, which we refer to as the respective downside threshold value, you will receive the stated principal amount for each security that you hold at maturity plus the upside payment of \$172.50 per security. However, if the final index value of **either** underlying index **is less than** its respective downside threshold value, you will be exposed to the decline in the level of the worst performing underlying index beyond the buffer amount of 20%, and you will lose some or a significant portion of your initial investment. **The payment at maturity may be significantly less than the stated principal amount, and you could lose up to 80% of your investment.** Because the payment at maturity on the securities is based on the worst performing of the underlying indices, a decline in either final index value below 80% of its respective initial index value will result in a loss on your investment, even if the other underlying index has appreciated or has not declined as much. The securities are for investors who seek an equity index-based return and who are willing to risk their principal, risk exposure to the worst performing of two underlying indices and forgo current income and returns above the fixed upside payment in exchange for the upside payment and buffer features that in each case apply to a limited range of performance of the worst performing underlying index. 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.

SUMMARY TERMS

Issuer: Morgan Stanley Finance LLC

Guarantor: Morgan Stanley

Issue price: \$1,000 per security

Stated principal amount: \$1,000 per security

Pricing date: September 21, 2018

Original issue date: September 26, 2018 (3 business days after the pricing date)

Maturity date: April 30, 2021

Aggregate principal amount: \$

Interest: None

Underlying indices: The S&P 500® Index (the “SPX Index”) and the Russell 2000 Index (the “RTY Index”)

· If the final index value of **each** underlying index is *greater than or equal to* its respective downside threshold value:

\$1,000 + the upside payment

· If the final index value of **either** underlying index is *less than* its respective downside threshold value, meaning the value of **either** underlying index has declined by more than the buffer amount of 20% from its respective initial index value to its respective final index value:

Payment at maturity:

$\$1,000 \times (\text{index percent change of the worst performing underlying index} + 20\%)$

Because the index percent change of the worst performing underlying index will be less than -20% in this scenario, the payment at maturity will be less, and potentially significantly less, than the stated principal amount of \$1,000.

Upside payment: \$172.50 per security (17.25% of the stated principal amount)

Index percent change: With respect to each underlying index, (final index value - initial index value) / initial index value

Worst performing underlying index: The underlying index that has declined the most, meaning that it has the lesser index percent change

With respect to the SPX Index, _____, which is the index closing value of such index on the pricing date

Initial index value:

With respect to the RTY Index, _____, which is the index closing value of such index on the pricing date

Downside

threshold value:

With respect to the SPX Index, _____, which is 80% of the initial index value for such index

With respect to the RTY Index, _____, which is 80% of the initial index value for such index

Final index value: With respect to each underlying index, the index closing value of such index on the valuation date

Valuation date: April 27, 2021, subject to postponement for non-index business days and certain market disruption events

Buffer amount: 20%

Minimum payment at maturity: \$200 per security

CUSIP / ISIN: 61768DFE0 / US61768DFE04

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

Agent: Morgan Stanley & Co. LLC (“MS & Co.”), an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See “Supplemental information regarding plan of distribution; conflicts of interest.”

Estimated value on the pricing date: Approximately \$991.30 per security, or within \$10.00 of that estimate. See “Investment Summary” on page 2.

Commissions and issue price: Price to public Agent’s commissions and fees⁽¹⁾ Proceeds to us⁽²⁾

Per security	\$1,000	\$0	\$1,000
Total	\$	\$	\$

(1) MS & Co. will act as the agent for this offering and will not receive a sales commission in connection with sales of the securities. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement for Jump Securities.

(2) See “Use of proceeds and hedging” on page 17.

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

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying 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 Information About the Securities” at the end of this document.

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

Product Supplement for Jump Securities dated November 16, 2017

Index Supplement dated November 16, 2017

Prospectus dated November 16, 2017

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Principal at Risk Securities

Investment Summary

Principal at Risk Securities

The Enhanced Buffered Jump Securities Based on the Value of the Worst Performing of the S&P 500® Index and the Russell 2000® Index due April 30, 2021 (the “securities”) can be used:

§ As an alternative to direct exposure to the underlying indices that provides a fixed return of 17.25% if the final index value of **each** underlying index is greater than or equal to its respective downside threshold value;

§ To enhance returns and potentially outperform the worst performing of the S&P 500® Index and the Russell 2000® Index in a moderately bullish or moderately bearish scenario;

§ To obtain a buffer against a specified level of negative performance in the worst performing underlying index.

The securities are exposed on a 1-to-1 basis to the percentage decline of the final index value of the worst performing underlying index from its respective initial index value beyond the buffer amount of 20%. **Accordingly, 80% of your principal is at risk.**

Maturity:	Approximately 31 months
Upside payment:	\$172.50 per security (17.25% of the stated principal amount), payable only if the final index value of each underlying index is greater than or equal to its respective downside threshold value.
Buffer amount:	20%
Minimum payment at maturity:	\$200 per security. You could lose up to 80% of the stated principal amount of the securities.
Interest:	None

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 will be less than \$1,000. We estimate that the value of each security on the pricing date will be approximately \$991.30, or within \$10.00 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

What goes into the estimated value on the pricing date?

In valuing the 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 indices. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying indices, instruments based on the underlying indices, 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 upside payment, the buffer amount and the downside threshold values, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the securities would be more favorable to you.

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

The price at which MS & Co. purchases the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-

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

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

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Principal at Risk Securities

Key Investment Rationale

The securities provide a return based on the performance of the worst performing of the S&P 500[®] Index and the Russell 2000[®] Index. If the final index value of each underlying index, as determined on the valuation date, is greater than or equal to its respective downside threshold value, you will receive the stated principal amount for each security that you hold at maturity plus the upside payment of \$172.50 per security. However, if the final index value of **either** underlying index is *less than* its respective downside threshold value, the payment due at maturity will be less, and possibly significantly less, than the stated principal amount of the securities. You could lose up to 80% of the stated principal amount of the securities.

Upside Scenario

*If the final index value of **each** underlying index is **greater than or equal to its respective downside threshold value**, the payment at maturity for each security will be equal to \$1,000 *plus* the upside payment of \$172.50.*

*If the final index value of **either** underlying index is **less than its respective downside threshold value**, you will lose 1% for every 1% decline in the value of the worst performing underlying index from its initial index value beyond the buffer amount of 20% (e.g., a 50% depreciation in the worst performing underlying index from the respective initial index value to the respective final index value will result in a payment at maturity of \$700 per security).*

Downside Scenario

Because the payment at maturity of the securities is based on the worst performing of the underlying indices, a decline in either underlying index below its respective downside threshold value will result in a loss on your investment, even if the other underlying index has appreciated or has not declined as much. You could lose up to 80% of your investment.

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Hypothetical Examples

The following hypothetical examples illustrate how to calculate the payment at maturity on the securities. The following examples are for illustrative purposes only. The payment at maturity on the securities is subject to our credit risk. The below examples are based on the following terms. The actual initial index values and downside threshold values will be determined on the pricing date.

Stated Principal Amount: \$1,000 per security
With respect to the SPX Index: 2,200

Hypothetical Initial Index Value:

With respect to the RTY Index: 1,400
With respect to the SPX Index: 1,760, which is 80% of its hypothetical initial index value

Hypothetical Downside Threshold Value:

With respect to the RTY Index: 1,120, which is 80% of its hypothetical initial index value

Upside Payment: \$172.50 (17.25% of the stated principal amount)

Buffer Amount: 20%

Minimum Payment at Maturity: \$200 per security

Interest: None

EXAMPLE 1: Both underlying indices appreciate substantially, and investors therefore receive the stated principal amount *plus* the upside payment.

Final index value SPX Index: 3,960
 RTY Index: 2,660
 SPX Index: $(3,960 - 2,200) / 2,200 = 80\%$

Index percent change RTY Index: $(2,660 - 1,400) / 1,400 = 90\%$

Payment at maturity = \$1,000 + upside payment
 = \$1,000 + \$172.50
 = \$1,172.50

In example 1, the final index value for the SPX Index has increased from its initial index value by 80%, and the final index value for the RTY Index has increased from its initial index value by 90%. Because the final index value of each underlying index is above its respective downside threshold value, investors receive at maturity the stated principal amount *plus* the upside payment of \$172.50. Investors receive \$1,172.50 per security at maturity and do not participate in the appreciation of either underlying index. Although both underlying indices have appreciated substantially, the return on the securities is limited to the stated principal amount plus the fixed upside payment of \$172.50.

EXAMPLE 2: The final index values of both underlying indices are at or above their respective downside threshold values, and investors therefore receive the stated principal amount *plus* the upside payment.

Final index value	SPX Index: 1,870
	RTY Index: 1,260
	SPX Index: $(1,870 - 2,200) / 2,200 = -15\%$
Index percent change	RTY Index: $(1,260 - 1,400) / 1,400 = -10\%$
Payment at maturity	=\$1,000 + upside payment
	=\$1,000 + \$172.50
	=\$1,172.50

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In example 2, the final index value for the SPX Index has decreased from its initial index value by 15%, and the final index value for the RTY Index has decreased from its initial index value by 10%. Because the final index value of each underlying index is above its respective downside threshold value, investors receive at maturity the stated principal amount *plus* the upside payment of \$172.50. Although both underlying indices have depreciated, investors receive \$1,172.50 per security at maturity.

EXAMPLE 3: The final index value of one of the underlying indices is less than its respective downside threshold value. Investors are therefore exposed to the negative performance of the worst performing underlying index, and lose 1% for every 1% decline beyond the buffer amount of 20%.

Final index value SPX Index: 2,640
 RTY Index: 980
 SPX Index: $(2,640 - 2,200) / 2,200 = 20\%$

Index percent change RTY Index: $(980 - 1,400) / 1,400 = -30\%$

Payment at maturity = \$1,000 + [$\$1,000 \times (\text{index percent change of the worst performing underlying index} + 20\%)$]
 = \$1,000 + [$\$1,000 \times (-30\% + 20\%)$]
 = \$900

In example 3, the final index value for the SPX Index has increased from its initial index value by 20%, and the final index value for the RTY Index has decreased from its initial index value by 30%. Because one of the underlying indices has declined below its respective downside threshold value, investors do not receive the upside payment and are exposed to the negative performance of the RTY Index, which is the worst performing underlying index in this example. Under these circumstances, investors lose 1% for every 1% decline in the value of the worst performing underlying index beyond the buffer amount of 20%. In this example, investors receive a payment at maturity equal to \$900 per security, resulting in a loss of 10%.

EXAMPLE 4: The final index values of both underlying indices are less than their respective downside threshold values. Investors are therefore exposed to the negative performance of the worst performing underlying index, and will lose 1% for every 1% decline beyond the buffer amount of 20%.

Final index value SPX Index: 440
 RTY Index: 560
 SPX Index: $(440 - 2,200) / 2,200 = -80\%$

Index percent change RTY Index: $(560 - 1,400) / 1,400 = -60\%$

Payment at maturity = \$1,000 + [$\$1,000 \times (\text{index percent change of the worst performing underlying index} + 20\%)$]

$$\begin{aligned} &= \$1,000 + [\$1,000 \times (-80\% + 20\%)] \\ &= \$400 \end{aligned}$$

In example 4, the final index value for the SPX Index has decreased from its initial index value by 80%, and the final index value for the RTY Index has decreased from its initial index value by 60%. Because one or more underlying indices have declined below their respective downside threshold values, investors do not receive the upside payment and are exposed to the negative performance of the SPX Index, which is the worst performing underlying index in this example. Under these circumstances, investors lose 1% for every 1% decline in the value of the worst performing underlying index beyond the buffer amount of 20%. In this example, investors receive a payment at maturity equal to \$400 per security, resulting in a loss of 60%.

Because the payment at maturity of the securities is based on the worst performing of the underlying indices, a decline in the final index value of either underlying index to below its respective downside threshold value will result in a loss of some or a significant portion of your investment, even if the other underlying index has appreciated or has not declined as much. You could lose up to 80% of your investment in the securities.

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Risk Factors

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

The securities do not pay interest and provide for the minimum payment at maturity of only 20% of your principal. The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest and provide for the minimum return of only 20% of the principal amount at maturity. At maturity, you will receive for each \$1,000 stated principal amount of securities that you hold an amount in cash based upon the final § index value of each underlying index. If the final index value of **either** underlying index is less than 80% of its respective initial index value, you will lose 1% of your principal for every 1% decline in the final index value of the worst performing underlying index beyond the buffer amount of 20%. **You could lose up to 80% of the stated principal amount of the securities.**

You are exposed to the price risk of both underlying indices. Your return on the securities is not linked to a basket consisting of both underlying indices. Rather, it will be based upon the independent performance of each underlying index. Unlike an instrument with a return linked to a basket of underlying assets, in which risk is mitigated and diversified among all the components of the basket, you will be exposed to the risks related to both § underlying indices. Poor performance by either underlying index over the term of the securities will negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying index. If the final index value of either underlying index declines to below 80% of its respective initial index value, you will be exposed to the negative performance of the worst performing underlying index at maturity, even if the other underlying index has appreciated or has not declined as much. Accordingly, your investment is subject to the price risk of both underlying indices.

Because the securities are linked to the performance of the worst performing underlying index, you are exposed to greater risk of sustaining a loss on your investment than if the securities were linked to just one underlying index. The risk that you will suffer a loss on your investment is greater if you invest in the securities as § opposed to substantially similar securities that are linked to the performance of just one underlying index. With two underlying indices, it is more likely that the final index value of either underlying index will decline to below its respective downside threshold value than if the securities were linked to only one underlying index. Therefore, it is more likely that you will suffer a loss on your investment.

Appreciation potential is fixed and limited. Where the final index value of each underlying index is greater than § or equal to its respective downside threshold value, the appreciation potential of the securities is limited to the fixed upside payment of \$172.50 per security (17.25% of the stated principal amount), even if both underlying indices have appreciated substantially.

The amount payable on the securities is not linked to the values of the underlying indices at any time other than the valuation date. The final index value of each underlying index will be based on the index closing value of such underlying index on the valuation date, subject to postponement for non-index business days and certain market disruption events. Even if the values of both underlying indices appreciate prior to the valuation date but the value of § either underlying index drops by the valuation date, the payment at maturity may be less, and may be significantly less, than it would have been had the payment at maturity been linked to the values of the underlying indices prior to such drop. Although the actual values of the underlying indices on the stated maturity date or at other times during the term of the securities may be higher than their respective final index values, the payment at maturity will be based solely on the index closing values on the valuation date.

The securities will not be listed on any securities exchange and secondary trading may be limited. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. Morgan Stanley & Co. LLC, which we refer to as MS & Co., may, but is not obligated to, make a § market in the securities and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the securities, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the

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time remaining to maturity and the likelihood that it will be able to resell the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Since other broker-dealers may not participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the securities, it is likely that there would be no secondary market for the securities. Accordingly, you should be willing to hold your securities to maturity.

The market price of the securities may be influenced by many unpredictable factors. Several factors, many of which are beyond our control, will influence the value of the securities in the secondary market and the price at which MS & Co. may be willing to purchase or sell the securities in the secondary market, including:

§ the values of the underlying indices at any time (including in relation to their initial index values),

§ the volatility (frequency and magnitude of changes in value) of the underlying indices,

§ dividend rates on the securities underlying the underlying indices,

§ interest and yield rates in the market,

geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the component § stocks of the underlying indices or securities markets generally and which may affect the value of the underlying indices,

§ the time remaining until the maturity of the securities,

§ the composition of the underlying indices and changes in the constituent stocks of the underlying indices, and

§ any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the price you will receive if you sell your securities prior to maturity. In particular, you may have to sell your securities at a substantial discount from the stated principal amount if at the time of sale the value of either underlying index is near, at or below its respective downside threshold value.

You cannot predict the future performance of the underlying indices based on their historical performance. If the final index value of either underlying index is less than 80% of its respective initial index value, you will be exposed on a 1-to-1 basis to the decline in the final index value of the worst performing underlying index beyond the buffer amount. There can be no assurance that the final index value of each underlying index will be greater than or equal to 80% of its respective initial index value so that you will receive at maturity an amount that is greater than the \$1,000 stated principal amount for each security you hold, or that you will not lose some or a significant portion of your investment.

The securities are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the securities. You are dependent on our ability to pay all amounts due on the securities at maturity and therefore you are subject to our credit risk. If we default on our obligations under the securities, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the securities prior to maturity will be affected by changes in the market's view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the securities.

As a finance subsidiary, MSFL has no independent operations and will have no independent assets. As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

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The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the securities in the original issue price reduce the economic terms of the securities, cause the estimated value of the securities to be less than the original issue price and will adversely affect secondary market prices. Assuming no change in market § conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., are willing to purchase the securities in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the securities in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the securities less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price. These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, § our models may yield a higher estimated value of the securities than those generated by others, including other dealers in the market, if they attempted to value the securities. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your notes in the secondary market (if any exists) at any time. The value of your securities at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The market price of the securities may be influenced by many unpredictable factors” above.

§ **The securities are linked to the Russell 2000[®] Index and are subject to risks associated with small-capitalization companies.** As the Russell 2000[®] Index is one of the underlying indices, and the Russell 2000[®] Index consists of stocks issued by companies with relatively small market capitalization, the securities are linked to the value of small-capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the Russell 2000[®] Index

may be more volatile than indices that consist of stocks issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

Investing in the securities is not equivalent to investing in the underlying indices. Investing in the securities is not equivalent to investing in either underlying index or the component stocks of either underlying index. Investors § in the securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying indices.

Adjustments to the underlying indices could adversely affect the value of the securities. The publisher of either § underlying index may add, delete or substitute the stocks underlying such index or make other methodological changes that could change the value of such underlying index. Any of these actions could

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adversely affect the value of the securities. The publisher of such underlying index may also discontinue or suspend calculation or publication of such underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued underlying index. MS & Co. could have an economic interest that is different than that of investors in the securities insofar as, for example, MS & Co. is permitted to consider indices that are calculated and published by MS & Co. or any of its affiliates. If MS & Co. determines that there is no appropriate successor index, the payout on the securities at maturity will be an amount based on the closing prices on the valuation date of the stocks underlying the relevant index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating such underlying index last in effect prior to such discontinuance (depending also on the performance of the other underlying index).

The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities. As calculation agent, MS & Co. will determine the initial index values, the downside threshold values, the final index values and the index percent changes, if applicable, and the payment that you will receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the § index closing values in the event of a market disruption event or discontinuance of an underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see “Description of Securities—Postponement of Valuation Date(s),” “—Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation,” “—Alternate Exchange Calculation in case of an Event of Default” and “—Calculation Agent and Calculations” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

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

§ **The U.S. federal income tax consequences of an investment in the securities are uncertain.** Please read the discussion under “Additional Provisions—Tax considerations” in this document and the discussion under “United States

Federal Taxation” in the accompanying product supplement for Jump Securities (together, the “Tax Disclosure Sections”) concerning the U.S. federal income tax consequences of an investment in the securities. If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative treatment, the timing and character of income on the securities might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of issuance and recognize all income and gain in respect of the securities as ordinary income. Additionally, as discussed under “United States Federal Taxation—FATCA” in the accompanying product supplement for Jump Securities, the withholding rules commonly referred to as “FATCA” would apply to the securities if they were recharacterized as debt instruments. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding

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the tax treatment of the securities, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

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

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S&P 500[®] Index Overview

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

Information as of market close on September 17, 2018:

Bloomberg Ticker Symbol:	SPX
Current Index Value:	2,888.80
52 Weeks Ago:	2,503.87
52 Week High (on 8/29/2018):	2,914.04
52 Week Low (on 9/25/2017):	2,496.66

The following graph sets forth the daily closing values of the SPX Index for the period from January 1, 2013 through September 17, 2018. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the SPX Index for each quarter in the same period. The closing value of the SPX Index on September 17, 2018 was 2,888.80. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The SPX Index has at times experienced periods of high volatility, and you should not take the historical values of the SPX Index as an indication of its future performance.

**SPX Index Daily Closing Values
January 1, 2013 to September 17, 2018**

September 2018 Page 12

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First Quarter 1,569.19 1,457.15 1,569.19

Second Quarter 1,669.16 1,541.61 1,606.28

Third Quarter 1,725.52 1,614.08 1,681.55

Fourth Quarter 1,848.36 1,655.45 1,848.36

2014

First Quarter	1,878.04	1,741.89	Fixed income products					
Private equity fund products				2,523	1,695	2,819	2,362	66.3%
Securities investment funds and investment-linked insurance products				815				(6.4%)
								(83.2%)
Total transaction value				5,033			5,318	5.7%
Average transaction value per client				7.64			5.59	(26.9%)

Noah Holdings Limited

Reconciliation of GAAP to Non-GAAP Results

(In U.S. dollars, except for ADS data and percentages)

(unaudited)

	Three months ended		
	March 31, 2011	March 31, 2012	Change
	\$	\$	
Net income attributable to Noah Shareholders	5,763,065	2,733,310	(52.6%)
Adjustment for share-based compensation related to:			
Share options	349,043	886,766	154.1%
Restricted shares	35,018	35,407	1.1%
Adjusted net income attributable to Noah Shareholders (non-GAAP)*	6,147,126	3,655,483	(40.5%)
Net income per ADS, diluted	0.10	0.05	(50.0%)
Adjusted net income per ADS, diluted (non-GAAP)*	0.11	0.06	(41.4%)
Net margin	38.0%	16.3%	(57.1%)
Adjusted net margin (non-GAAP)*	40.6%	21.8%	(46.3%)

* The non-GAAP adjustments do not take into consideration the impact of taxes on such adjustments.