

MORGAN STANLEY
Form 424B2
December 28, 2018

The information in this preliminary pricing supplement is not complete and may be changed. We may not deliver these notes until a final pricing supplement is delivered. This preliminary pricing supplement and the accompanying prospectus, product supplement and index supplement do not constitute an offer to sell these notes and we are not soliciting an offer to buy these notes in any state where the offer or sale is not permitted.

Subject to Completion, Preliminary Pricing Supplement dated December 28, 2018

<i>PROSPECTUS Dated November 16, 2017</i>	<i>Pricing Supplement No. 1,370 to</i>
<i>PRODUCT SUPPLEMENT Dated November 16, 2017</i>	<i>Registration Statement Nos. 333-221595; 333-221595-01</i>
<i>INDEX SUPPLEMENT Dated November 16, 2017</i>	<i>Dated , 2019</i>
	<i>Rule 424(b)(2)</i>

Morgan Stanley Finance LLC

STRUCTURED INVESTMENTS

Opportunities in International Equities

\$

Leveraged Buffered Basket-Linked Notes due

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The notes are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. **The notes will not bear interest.** The amount that you will be paid on your notes on the stated maturity date (expected to be the second scheduled business day after the determination date) is based on the performance of a weighted basket comprised of the EURO STOXX 50[®] Index (36.00% weighting), the Tokyo Stock Price Index (27.00% weighting), the FTSE[®] 100 Index (20.00% weighting), the Swiss Market Index (9.00% weighting) and the S&P/ASX 200 Index (8.00% weighting), as measured from the trade date to and including the determination date (expected to be between 18 and 21 months after the trade date). The initial basket level is 100, and the final basket level on the determination date will equal the *sum* of the products, as calculated separately for each basket underlier, of: (i) the final underlier level *multiplied* by (ii) the applicable multiplier. The multiplier will equal, for each basket underlier, (i) the weighting of such basket underlier *multiplied* by 100 *divided* by (ii) the initial underlier level for such basket underlier. If the final basket level on the determination date is greater than the initial basket level, the return on your notes will be positive. If the level of the basket declines by up to 10.00% from the initial basket level, you will receive the face amount of your notes. **However, if the level of the basket declines by more than 10.00% from the initial basket level, the return on your notes will be negative. You could lose your entire investment in the notes.** The notes are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

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

To determine your payment at maturity, we will calculate the basket return, which is the percentage increase or decrease in the basket level from the initial basket level to the final basket level. On the stated maturity date, for each \$1,000 face amount of your notes, you will receive an amount in cash equal to:

if the basket return is *positive* (the final basket level is *greater than* the initial basket level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the upside participation rate (expected to be between 162.00% and 172.00%) *times* (c) the basket return;

if the basket return is *zero* or *negative* but *not below* -10.00% (the final basket level is *equal to* or *less than* the initial basket level but not by more than 10.00%), \$1,000; or

if the basket return is *negative* and is *below* -10.00% (the final basket level is *less than* the initial basket level by more than 10.00%), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) approximately 1.1111 *times* (b) the *sum* of the basket return *plus* 10.00% *times* (c) \$1,000.

Under these circumstances, you will lose some or all of your investment.

You should read the additional disclosure herein so that you may better understand the terms and risks of your investment.

The estimated value on the trade date will be approximately \$976.80 per note, or within \$15.00 of that estimate. See “Estimated Value” on page 2.

	<i>Price to public⁽¹⁾</i>	<i>Agent’s commissions</i>	<i>Proceeds to us⁽²⁾</i>
<i>Per note</i>	<i>\$1,000</i>	<i>\$16.70</i>	<i>\$983.30</i>
<i>Total</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>

(1) *The price to public will be between 98.33% and 100.00% of the face amount, reflecting, for certain investors, a foregone agent’s commission with respect to sales of such notes; see “Additional Information About the Notes—Supplemental information regarding plan of distribution; conflicts of interest” on page 29. Morgan Stanley & Co. LLC (“MS & Co.”) will sell all of the notes that it purchases from us to an unaffiliated dealer. Investors that purchase and hold the notes in fee-based accounts may be charged fees based on the amount of assets held in those accounts, including the notes.*

(2) *See “Additional Information About the Notes—Use of proceeds and hedging” beginning on page 27.*

The notes involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 13.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these notes, 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 notes 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 “Terms” on page 3.

MORGAN STANLEY

About Your Prospectus

The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program. This prospectus includes this preliminary pricing supplement and the accompanying documents listed below. This preliminary pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus dated November 16, 2017

Product Supplement dated November 16, 2017

Index Supplement dated November 16, 2017

The information in this preliminary pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

ESTIMATED VALUE

The Original Issue Price of each note is \$1,000. This price includes costs associated with issuing, selling, structuring and hedging the notes, which are borne by you, and, consequently, the estimated value of the notes on the Trade Date will be less than \$1,000. We estimate that the value of each note on the Trade Date will be approximately \$976.80, or within \$15.00 of that estimate. Our estimate of the value of the notes as determined on the Trade Date will be set forth in the final pricing supplement.

What goes into the estimated value on the Trade Date?

In valuing the notes on the Trade Date, we take into account that the notes comprise both a debt component and a performance-based component linked to the Basket Underliers. The estimated value of the notes is determined using our own pricing and valuation models, market inputs and assumptions relating to the Basket Underliers, instruments based on the Basket Underliers, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the notes?

In determining the economic terms of the notes, including the Upside Participation Rate and the Buffer Amount, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the notes would be more favorable to you.

What is the relationship between the estimated value on the Trade Date and the secondary market price of the notes?

The price at which MS & Co. purchases the notes in the secondary market, absent changes in market conditions, including those related to the Basket Underliers, may vary from, and be lower than, the estimated value on the Trade Date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the notes are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that MS & Co. may buy or sell the notes in the secondary market, absent changes in market conditions, including those related to the Basket Underliers, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

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

SUMMARY INFORMATION

The Leveraged Buffered Basket-Linked Notes, which we refer to as the notes, are unsecured obligations of MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The notes will pay no interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. The notes are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

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

Capitalized terms used but not defined herein have the meanings assigned to them in the accompanying product supplement and prospectus. All references to “Buffer Rate,” “Multiplier,” “Cash Settlement Amount,” “Closing Level,” “Determination Date,” “Face Amount,” “Basket Closing Level,” “Final Basket Level,” “Initial Basket Level,” “Original Issue Price,” “Stated Maturity Date,” “Trade Date,” “Basket,” “Basket Underlier,” “Basket Return” and “Upside Participation Rate” herein shall be deemed to refer to “downside factor,” “multiplier,” “payment at maturity,” “basket component closing value,” “valuation date,” “stated principal amount,” “basket closing value,” “final basket value,” “initial basket value,” “issue price,” “maturity date,” “pricing date,” “basket,” “basket index,” “basket return” and “leverage factor,” respectively, as used in the accompanying product supplement.

If the terms described herein are inconsistent with those described in the accompanying product supplement or prospectus, the terms described herein shall control.

Terms

Issuer: Morgan Stanley Finance LLC

Guarantor: Morgan Stanley

Basket:

Basket Underlier	Bloomberg Ticker Symbol	Basket Underlier Publisher	Basket Underlier Weighting	Initial Underlier Level*	Multiplier*
	SX5E		36.00%		

EURO STOXX 50 [®] Index		STOXX Limited ("STOXX")	
Tokyo Stock Price Index	TPX	Tokyo Stock Exchange, Inc. ("TSE")	27.00%
FTSE [®] 100 Index	UKX	FTSE Russell ("FTSE")	20.00%
Swiss Market Index	SMI	SIX Group Ltd. ("SIX Group")	9.00%
S&P/ASX 200 Index	AS51	S&P Dow Jones Indices LLC ("S&P")	8.00%

* The Initial Underlier Levels and Multipliers will be determined on the Trade Date.

For more information on the Basket and the Basket Underliers, see "The Basket and the Basket Underliers" on page 19.

Notes: The accompanying product supplement refers to the notes as the "PLUS."

Specified currency: U.S. dollars ("\$")

Face Amount: Each note will have a Face Amount of \$1,000; \$_____ in the aggregate for all the notes; the aggregate Face Amount of notes may be increased if the Issuer, at its sole option, decides to sell an additional amount of the notes on a date subsequent to the date hereof.

Denominations: \$1,000 and integral multiples thereof

Cash Settlement Amount (on the Stated Maturity Date): For each \$1,000 Face Amount of notes, we will pay you on the Stated Maturity Date an amount in cash equal to:

if the Final Basket Level is *greater than* the Initial Basket Level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the Upside Participation Rate *times* (c) the Basket Return;

if the Final Basket Level is *equal to or less than* the Initial Basket Level but *greater than or equal to* the Buffer Level, \$1,000; or

if the Final Basket Level is *less than* the Buffer Level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the Buffer Rate *times* (c) the *sum* of the Basket Return and the Buffer Amount.

You will lose some or all of your investment at maturity if the Final Basket Level is less than the Buffer Level. Any payment of the Cash Settlement Amount is subject to the credit of the Issuer.

Initial Basket Level: 100, which will be equal to the *sum* of the products, as calculated separately for each Basket Underlier, of (i) the Initial Underlier Level and (ii) the applicable Multiplier

Initial Underlier Level: With respect to each Basket Underlier, to be determined on the Trade Date. The Initial Underlier Level may be higher or lower than the actual Closing Level of such Basket Underlier on the Trade Date; provided that the Initial Underlier Level for any Basket Underlier will not be higher than the highest level of such Basket Underlier on the Trade Date. See “Basket—Initial Underlier Level” above.

Final Underlier Level: With respect to each Basket Underlier, the Closing Level of such Basket Underlier on the Determination Date, except in the limited circumstances described under “Description of PLUS—Postponement of Valuation Date(s)” on page S-44 of the accompanying product supplement, and subject to adjustment as provided under “Description of PLUS—Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation” on page S-47 of the accompanying product supplement.

Basket Closing Level: On the Determination Date, the *sum* of the following, calculated separately for each Basket Underlier: (i) the Final Underlier Level *multiplied* by (ii) the applicable Multiplier

Final Basket Level: The Basket Closing Level on the Determination Date

Basket Return: The *quotient* of (i) the Final Basket Level *minus* the Initial Basket Level *divided* by (ii) the Initial Basket Level, expressed as a percentage

Multiplier: The Multiplier for each Basket Underlier will be set on the Trade Date and will be equal to (i) the Basket Underlier Weighting of such Basket Underlier *multiplied* by 100 *divided* by (ii) the Initial Underlier Level for such Basket Underlier. The Multiplier is based on such Basket Underlier's respective Initial Underlier Level so that each Basket Underlier is reflected in the predetermined Initial Basket Level in accordance with its Basket Underlier Weighting.

Upside Participation Rate (to be set on the Trade Date): Expected to be between 162.00% and 172.00%

Buffer Level: 90.00, which is equal to 90.00% of the Initial Basket Level

Buffer Amount: 10.00%

Buffer Rate: The *quotient* of the Initial Basket Level *divided* by the Buffer Level, which equals approximately 111.11%

Trade Date:

Original Issue Date (Settlement Date) (to be set on the Trade Date): Expected to be the fifth scheduled Business Day following the Trade Date

Determination Date (to be set on the Trade Date): Expected to be between 18 and 21 months after the Trade Date, subject to postponement as described in the accompanying product supplement on page S-44 under “Description of PLUS—Postponement of Valuation Date(s).”

Stated Maturity Date (to be set on the Trade Date): Expected to be the second scheduled Business Day following the Determination Date, subject to postponement as described below. The Stated Maturity Date is a pricing term and will be determined by us on the Trade Date.

Postponement of Stated Maturity Date: If the scheduled Determination Date is not a Trading Day for a Basket Underlier or if a market disruption event occurs with respect to a Basket Underlier on that day so that the date on which the Final Underlier Level for all Basket Underliers has been determined falls less than two Business Days prior to the scheduled Stated Maturity Date, the Stated Maturity Date of the notes will be postponed to the second Business Day following such date.

Closing Level: As described under “Description of PLUS—Some Definitions—index closing value” on page S-37 of the accompanying product supplement

Business Day: As described under “Description of PLUS—Some Definitions—business day” on page S-36 of the accompanying product supplement

Trading Day: With respect to each of the EURO STOXX 50[®] Index, the Tokyo Stock Price Index and the FTSE[®] 100 Index, as described under “Description of PLUS—Some Definitions—index business day” on page S-37 of the accompanying product supplement. The product supplement refers to a Trading Day as an “index business day.”

With respect to each of the Swiss Market Index and the S&P/ASX 200 Index, notwithstanding the definition of “index business day” on page S-37 of the accompanying product supplement, Trading Day means a day, as determined by the calculation agent, on which (i) the respective principal securities markets for all of the stocks composing such Basket Underlier are open for trading, (ii) the Basket Underlier Publisher for such Basket Underlier is open for business and (iii) such Basket Underlier is calculated and published by its Basket Underlier Publisher. Although the Basket Underlier Publisher for the Swiss Market Index or the S&P/ASX 200 Index may publish a Closing Level with respect to such Basket Underlier on a day on which one or more of the principal securities markets for the stocks composing such Basket Underlier are closed, that day would not be a Trading Day for such Basket Underlier.

Market disruption event: The following replaces in its entirety the section entitled “Description of PLUS—Some Definitions—market disruption event” on page S-37 of the accompanying product supplement:

“Market disruption event” means, with respect to any Basket Underlier:

(i) the occurrence or existence of:

(a) a suspension, absence or material limitation of trading of securities then constituting 20 percent or more, by weight, of such Basket Underlier (or successor index) on the relevant exchanges for such securities for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such relevant exchange, or

(b) a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for securities then constituting 20 percent or more, by weight, of such Basket Underlier (or successor index), or futures or options contracts, if available, relating to such Basket Underlier (or successor index) or the securities then constituting 20 percent or more, by weight, of such Basket Underlier during the last one-half hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate, or

(c) the suspension, material limitation or absence of trading on any major U.S. securities market for trading in futures or options contracts or exchange-traded funds related to such Basket Underlier (or successor index), or in futures or options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of such Basket

Underlier (or successor index) for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such market,

in each case as determined by the calculation agent in its sole discretion; and

(ii) a determination by the calculation agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position with respect to the notes.

For the purpose of determining whether a market disruption event exists at any time, if trading in a security included in a Basket Underlier is suspended, absent or materially limited at that time, then the relevant percentage contribution of that security to the value of such Basket Underlier shall be based on a comparison of (x) the portion of the value of such Basket Underlier attributable to that security relative to (y) the overall value of such Basket Underlier, in each case immediately before that suspension or limitation.

For the purpose of determining whether a market disruption event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market, (2) a decision to permanently discontinue trading in the relevant futures or options contract or exchange-traded fund will not constitute a market disruption event, (3) a suspension of trading in futures or options contracts or exchange-traded funds on a Basket Underlier, or futures or options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of a Basket Underlier, by the primary securities market trading in such contracts or funds by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or funds, or (c) a disparity in bid and ask quotes relating to such contracts or funds will constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange-traded funds related to such Basket Underlier and (4) a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary market on which futures or options contracts or exchange-traded funds related to a Basket Underlier are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.

Trustee: The Bank of New York Mellon

Calculation Agent: MS & Co.

Issuer Notice To Registered Security Holders, the Trustee and the Depositary: In the event that the Stated Maturity Date is postponed due to postponement of the Determination Date, the Issuer shall give notice of such

postponement and, once it has been determined, of the date to which the Stated Maturity Date has been rescheduled (i) to each registered holder of the notes by mailing notice of such postponement by first class mail, postage prepaid, to such registered holder's last address as it shall appear upon the registry books, (ii) to the Trustee by facsimile confirmed by mailing such notice to the Trustee by first class mail, postage prepaid, at its New York office and (iii) to The Depository Trust Company (the "depository") by telephone or facsimile, confirmed by mailing such notice to the depository by first class mail, postage prepaid. Any notice that is mailed to a registered holder of the notes in the manner herein provided shall be conclusively presumed to have been duly given to such registered holder, whether or not such registered holder receives the notice. The Issuer shall give such notice as promptly as possible, and in no case later than (i) with respect to notice of postponement of the Stated Maturity Date, the Business Day immediately preceding the scheduled Stated Maturity Date and (ii) with respect to notice of the date to which the Stated Maturity Date has been rescheduled, the Business Day immediately following the actual Determination Date for determining the Final Basket Level.

The Issuer shall, or shall cause the Calculation Agent to, (i) provide written notice to the Trustee and to the depository of the amount of cash, if any, to be delivered with respect to each Face Amount of notes, on or prior to 10:30 a.m. (New York City time) on the Business Day preceding the Stated Maturity Date, and (ii) deliver the aggregate cash amount due with respect to the notes, if any, to the Trustee for delivery to the depository, as holder of the notes, on the Stated Maturity Date.

CUSIP no.: 61768DVU6

ISIN: US61768DVU61

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical closing levels of the Basket and the Basket Underliers, as applicable, on the Determination Date could have on the Cash Settlement Amount.

The examples below are based on a range of Final Basket Levels and Final Underlier Levels that are entirely hypothetical; no one can predict what the level of the Basket will be on any day during the term of the notes, and no one can predict what the Final Basket Level will be on the Determination Date. The Basket Underliers have at times experienced periods of high volatility — meaning that the levels of the Basket Underliers have changed considerably in relatively short periods — and their performances cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the notes assuming that they are purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date. The value of the notes at any time after the Trade Date will vary based on many economic and market factors, including interest rates, the volatility of the Basket Underliers, our creditworthiness and changes in market conditions, and cannot be predicted with accuracy. Any sale prior to the Stated Maturity Date could result in a substantial loss to you.

Key Terms and Assumptions

Face Amount:	\$1,000
Hypothetical Upside Participation Rate:	167.00% (the midpoint of the range of 162.00% to 172.00%)
Minimum Cash Settlement Amount:	None
Buffer Level:	90.00% of the Initial Basket Level
Buffer Rate:	Approximately 111.11%
Buffer Amount:	10.00%

- *Neither a market disruption event nor a non-Trading Day occurs on the Determination Date.*
- *No discontinuation of the Underlier or alteration of the method by which the Underlier is calculated.*
- *Notes purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date.*

Moreover, we have not yet set the Initial Underlier Level for each Basket Underlier that will serve as the baselines for determining the Basket Return and the amount that we will pay on the notes, if any, at maturity. We will not do so until the Trade Date. As a result, the actual Initial Underlier Level for each Basket Underlier may differ substantially from the level of such Basket Underlier at any time prior to the Trade Date.

For these reasons, the actual performance of the Basket and the Basket Underliers over the term of the notes, as well as the Cash Settlement Amount, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the Basket and the Basket Underliers shown elsewhere in this document. For information about the historical levels of each Basket Underlier during recent periods, see “The Basket and The Basket Underliers” below.

The levels in the left column of the table below represent hypothetical Final Basket Levels and are expressed as percentages of the Initial Basket Level. The amounts in the right column represent the hypothetical Cash Settlement Amount, based on the corresponding hypothetical Final Basket Level (expressed as a percentage of the Initial Basket Level), and are expressed as percentages of the Face Amount of notes (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical Cash Settlement Amount of 100% means that the value of the cash payment that we would deliver for each \$1,000 Face Amount of notes on the Stated Maturity Date would equal 100% of the Face Amount of notes, based on the corresponding hypothetical Final Basket Level (expressed as a percentage of the

Initial Basket Level) and the assumptions noted above. The numbers appearing in the table and chart below may have been rounded for ease of analysis.

Hypothetical Final Basket Level (as Percentage of Initial Basket Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)
150.000%	183.500%
125.000%	141.750%
120.000%	133.400%
115.000%	125.050%
110.000%	116.700%
105.000%	108.350%
100.000%	100.000%
95.000%	100.000%
90.000%	100.000%
85.000%	94.444%
80.000%	88.889%
75.000%	83.333%
50.000%	55.556%
25.000%	27.778%
0.000%	0.000%

If, for example, the Final Basket Level were determined to be 25.000% of the Initial Basket Level, the Cash Settlement Amount would be approximately 27.778% of the Face Amount of notes, as shown in the table above. As a result, if you purchased your notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would lose approximately 72.222% of your investment. If you purchased your notes at a premium to the Face Amount, you would lose a correspondingly higher percentage of your investment.

Payoff Diagram

The following chart shows a graphical illustration of the hypothetical Cash Settlement Amount (expressed as a percentage of the Face Amount of notes), if the Final Basket Level (expressed as a percentage of the Initial Basket Level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical Final Basket Level (expressed as a percentage of the Initial Basket Level) of less than the Buffer Level of 90.00% (the section left of the 90.00% marker on the horizontal axis) would result in a hypothetical Cash Settlement Amount of less than 100% of the Face Amount of notes (the section below the 100% marker on the vertical axis), and, accordingly, in a loss of principal to the holder of the notes.

Hypothetical Payoff Diagram

Scenario Analysis and Examples of Cash Settlement Amount at Maturity

Below are four examples of how the Cash Settlement Amount you receive at maturity, if any, will be calculated based on hypothetical Initial Underlier Levels, Final Underlier Levels and Multipliers for each of the Basket Underliers. As shown below, any increase in the level of one or more of the Basket Underliers may be moderated, or wholly offset, by lesser increases or declines in the level of one or more of the other Basket Underliers. The following examples are based on hypothetical data and are provided for illustrative purposes only. The numbers appearing in the examples below may have been rounded for ease of analysis.

The hypothetical Initial Underlier Level for each Basket Underlier of 100.00 has been chosen for illustrative purposes only and does not represent a likely Initial Underlier Level for that Basket Underlier. For historical data showing the actual historical levels of the Basket Underliers, please see the information set forth under “The Basket and the Basket Underliers” below.

Example 1: Four Basket Underliers appreciate, while the other Basket Underlier remains unchanged, over the term of the notes. The Final Basket Level is greater than the Initial Basket Level.

	Column A	Column B	Column C	Column D	Column E
Basket Underlier & Basket Underlier Weighting	Hypothetical Initial Underlier Level	Hypothetical Final Underlier Level	Appreciation / Depreciation	Hypothetical Multiplier	Column B x Column D
EURO STOXX 50 [®] Index (36.00% weighting)	100.00	105.00	+ 5.00%	0.36000	37.80
Tokyo Stock Price Index (27.00% weighting)	100.00	110.00	+10.00%	0.27000	29.70
FTSE [®] 100 Index (20.00% weighting)	100.00	100.00	0.00%	0.20000	20.00
Swiss Market Index (9.00% weighting)	100.00	102.00	+ 2.00%	0.09000	9.18
S&P/ASX 200 Index (8.00% weighting)	100.00	107.75	+ 7.75%	0.08000	8.62
			Final Basket Level:		105.30
			Basket Return:		5.30%

In this example, all of the hypothetical Final Underlier Levels are greater than or equal to the applicable hypothetical Initial Underlier Levels, which results in the hypothetical Final Basket Level being greater than the Initial Basket Level of 100.00. Because the hypothetical Final Basket Level is 105.30, the hypothetical Cash Settlement Amount for each \$1,000 Face Amount of notes will equal:

Cash Settlement Amount = \$1,000 + (\$1,000 × 167.00% × 5.30%) = \$1,088.51

Example 2: Two Basket Underliers appreciate, while the other three Basket Underliers depreciate, over the term of the notes. The Final Basket Level is less than the Initial Basket Level, but greater than the Buffer Level. The Cash Settlement Amount equals the \$1,000 Face Amount.

	Column A	Column B	Column C	Column D	Column E
Basket Underlier & Basket Underlier Weighting	Hypothetical Initial Underlier Level	Hypothetical Final Underlier Level	Appreciation / Depreciation	Hypothetical Multiplier	Column B x Column D
EURO STOXX 50® Index (36.00% weighting) 10	100.00	101.00	+ 1.00%	0.36000	36.36

Tokyo Stock Price Index (27.00% weighting)	100.00	85.00	- 15.00%	0.27000	22.95
FTSE [®] 100 Index (20.00% weighting)	100.00	90.00	- 10.00%	0.20000	18.00
Swiss Market Index (9.00% weighting)	100.00	95.00	- 5.00%	0.09000	8.55
S&P/ASX 200 Index (8.00% weighting)	100.00	110.00	+ 10.00%	0.08000	8.80
			Final Basket Level:		94.66
			Basket Return:		-5.34%

In this example, even though the hypothetical Final Underlier Levels for the EURO STOXX 50[®] Index and the S&P/ASX 200 Index are greater than their hypothetical Initial Underlier Levels, the negative returns of the Tokyo Stock Price Index, the FTSE[®] 100 Index and the Swiss Market Index more than offset the positive returns on the EURO STOXX 50[®] Index and the S&P/ASX 200 Index, which results in the hypothetical Final Basket Level being less than the Initial Basket Level of 100.00. However, because the hypothetical Final Basket Level of 94.66 is greater than the Buffer Level of 90.00, the hypothetical Cash Settlement Amount for each \$1,000 Face Amount of notes will equal the Face Amount of \$1,000.

Example 3: One Basket Underlier depreciates, while the other Basket Underliers remain unchanged or appreciate, over the term of the notes. The Final Basket Level is less than the Buffer Level, and therefore the Cash Settlement Amount is less than the \$1,000 Face Amount.

	Column A	Column B	Column C	Column D	Column E Column B × Column D
Basket Underlier & Basket Underlier Weighting	Hypothetical Initial Underlier Level	Hypothetical Final Underlier Level	Appreciation / Depreciation	Hypothetical Multiplier	
EURO STOXX 50 [®] Index (36.00% weighting)	100.00	30.00	- 70.00%	0.36000	10.80
Tokyo Stock Price Index (27.00% weighting)	100.00	100.00	0.00%	0.27000	27.00
FTSE [®] 100 Index (20.00% weighting)	100.00	100.00	0.00%	0.20000	20.00
Swiss Market Index (9.00% weighting)	100.00	115.00	+ 15.00%	0.09000	10.35
S&P/ASX 200 Index (8.00% weighting)	100.00	115.00	+ 15.00%	0.08000	9.20
			Final Basket Level:		77.35
			Basket Return:		-22.65%

In this example, the hypothetical Final Underlier Level of the EURO STOXX 50[®] Index is less than its hypothetical Initial Underlier Level, while the hypothetical Final Underlier Levels of the Tokyo Stock Price Index and the FTSE[®] 100 Index are equal to their applicable hypothetical Initial Underlier Levels and the hypothetical Final Underlier Levels of the Swiss Market Index and the S&P/ASX 200 Index are greater than their applicable hypothetical Initial Underlier Levels.

Because the Basket Underliers are unequally weighted, increases in the lower-weighted Basket Underliers may be more than offset by decreases in the higher-weighted Basket Underliers. In this example, the large decline in the level of the EURO STOXX 50[®] Index results in the hypothetical Final Basket Level being less than the Buffer Level of 90.00% of the Initial Basket Level, even though the levels of the Tokyo Stock Price Index and the FTSE[®] 100 Index remained unchanged and the levels of the Swiss Market Index and the S&P/ASX 200 Index increased.

Because the hypothetical Final Basket Level of 77.35 is less than the Buffer Level of 90.00% of the Initial Basket Level, the hypothetical Cash Settlement Amount for each \$1,000 Face Amount of notes will equal:

$$\text{Cash Settlement Amount} = \$1,000 + (\$1,000 \times 111.11\% \times (-22.65\% + 10.00\%)) = \$859.44$$

Example 4: All of the Basket Underliers depreciate over the term of the notes. The Final Basket Level is less than the Buffer Level, and therefore the Cash Settlement Amount is less than the \$1,000 Face Amount.

Column A Column B