RENASANT CORP
Form 11-K
June 28, 2005
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].**

For the transition period from ______ to ______.

Commission file number: 000-12154

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

RENASANT CORPORATION

209 Troy Street

Tupelo, MS 38802

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THE PEOPLES BANK & TRUST COMPANY

401(k) PLAN

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS REPORT

DECEMBER 31, 2004 AND 2003

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THE PEOPLES BANK & TRUST COMPANY

401(k) PLAN

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All other schedules are omitted because there is no information to report.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

401(k) Oversight Committee

Renasant Bank

Tupelo, Mississippi

We have audited the accompanying statements of net assets available for benefits of The Peoples Bank & Trust Company 401(k) Plan as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above of The Peoples Bank & Trust Company 401(k) Plan as of December 31, 2004 and 2003, and for the years then ended present fairly, in all material respects, the net assets available for benefits of The Peoples Bank & Trust Company 401(k) Plan as of December 31, 2004 and 2003, and changes in its net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

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401(k) Oversight Committee

Renasant Bank

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June 17, 2005

Our audits of the Plan s financial statements as of and for the years ended December 31, 2004 and 2003, was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets held at the end of the year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan s management. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2004 and 2003, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ T. E. Lott & Company

Columbus, Mississippi

June 17, 2005

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2004 AND 2003

	2004	2003
Assets:		
Investments at fair value (Notes E and F)	$ 32,608,500	$ 10,200,591
Participant note receivable	27,161	17,402
Total investments	32,635,661	10,217,993
Receivables:		
Employer contribution	153,160	742,488
Dividends	20,282	17,038
Other	326,862	
Total receivables	500,304	759,526
Total assets	$ 33,135,965	$ 10,977,519
Other liabilities	299	
Total liabilities	299	
Net assets available for benefits	$ 33,135,666	$ 10,977,519

The accompanying notes are an integral part of these statements.

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
Additions:		
Investment income:		
Interest	$ 6,577	$ 3,830
Dividends	76,676	62,330
Net appreciation in fair value of investments (Notes E and F)	497,712	1,609,309
Total investment income	580,965	1,675,469
Contributions:		
Employer	783,160	742,488
Participant deferrals	1,544,115	1,338,609
Rollover	426,666	14,803
Total contributions	2,753,941	2,095,900
Total additions	3,334,906	3,771,369
Deductions:		
Benefits paid to participants	727,232	359,115
Certain deemed distributions	765	3,285
Other expenses	100	400
Total deductions	728,097	362,800
Net increase in net assets available for benefits	2,606,809	3,408,569
Net assets available for benefits:		
Beginning of year	10,977,519	7,115,126
End of year before transfer of plan assets from merged plans	$ 13,584,328	$ 10,523,695
Transfer from merged plans (Note A)	19,551,338	453,824
Net assets available for benefits after transfer of plan assets from merged plans	$ 33,135,666	$ 10,977,519

The accompanying notes are an integral part of these statements.

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE A DESCRIPTION OF PLAN

The following brief description of The Peoples Bank & Trust Company 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General: The Plan is a defined contribution plan covering substantially all employees of Renasant Corporation (formerly known as The Peoples Holding Company and referred to herein as the Company). Employees who have completed six months of service and are age twenty-one or older are eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On December 16, 2004, the board of directors of the Company approved a plan to change the name of the Company from The Peoples Holding Company to Renasant Corporation . The change of the Company s name became effective on April 19, 2005.

On December 16, 2004, the board of directors of The Peoples Bank & Trust Company approved a plan to change the name of The Peoples Bank & Trust Company to Renasant Bank and The Peoples Insurance Agency to Renasant Insurance, Inc. As such, The Peoples Bank & Trust Company is referred to as Renasant Bank and The Peoples Insurance Agency is referred to as Renasant Insurance, Inc. throughout the remainder of the financial statements.

Transfers from Merged Plans: On December 31, 2004, the Company merged two benefit plans which it sponsors, The Peoples Bank & Trust Company Employee Stock Ownership Plan and The Peoples Bank & Trust Company Money Purchase Pension Plan, into the Plan. The transfer of the net assets of the two merged benefit plans is shown as an addition to the net assets of the Plan for the year ended December 31, 2004. At the date of transfer, the Employee Stock Ownership Plan and Money Purchase Pension Plan had net assets of $13,146,472 and $6,404,866, respectively. The merged assets from these plans will remain non-participant directed investments.

On July 1, 2004, the Company acquired 100% of the voting interest of Renasant Bancshares, Inc. (Renasant Bancshares), a bank holding company headquartered in Germantown, Tennessee, in a business combination accounted for under the purchase method of accounting. Effective July 1, 2004, the Plan was amended to make all newly acquired eligible employees of Renasant Bancshares participants of the Plan.

The Company purchased Southern Insurance Company (Southern) on May 1, 2000. The final transfer of assets under Southern s 401(k) plan occurred on June 19, 2003, and is shown as an addition to net assets of the Plan for the year ended December 31, 2003. The assets transferred into the Plan were $453,824.

(Continued)

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE A DESCRIPTION OF PLAN (Continued)

Contributions: Each year, participants may contribute up to the applicable IRS limits, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. The employer matches 100% of the employee s salary deferral contribution up to four percent of the employee s compensation. The Company, at its discretion, may make a discretionary profit sharing contribution. Contributions are subject to certain limitations.

Participant Accounts: Each participant s account is credited with the participant s contribution and allocations of the employer contribution and plan earnings/losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Vesting: Participants are immediately 100% vested in salary deferral contributions and earnings allocated to those accounts. Vesting in matching employer contributions and profit sharing contributions is based on a six year graduated schedule.

Payment of Benefits: Upon termination of service with the employer, a participant may elect to receive a lump-sum distribution of his or her entire vested account balance. Benefits are recorded when paid.

Participant Notes Receivable: Participants may borrow from their fund accounts up to a maximum equal to the lesser of $50,000 or 50% of their deferral account balance. Loan availability is generally limited to hardship restrictions. Loan terms range from 1-5 years unless the loan is for the purchase of a principal residence. The loans are secured by the balance in the participant s account and bear interest at prime plus one. Principal and interest is paid ratably through payroll deductions.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Plan s financial statements are prepared using the accrual basis of accounting, with the exception of the payment of benefits, which are recognized as a reduction in the net assets available for benefits of the Plan as they are disbursed to participants.

Investment Valuation: Quoted market prices are used to value investments. The Company s common stock is traded on the NASDAQ under the trading symbol RNST and is valued using the closing price on the last day of the Plan year. The participant loans are valued at their outstanding balances, which approximate fair value. Purchases and sales of securities are recorded on a trade-date basis.

(Continued)

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Forfeitures: Forfeitures of non-vested employer match contributions will reduce employer match contributions or reduce expenses of the plan. Forfeitures of non-vested employer profit sharing contributions will be allocated to other participants based on compensation. At December 31, 2004, there were no forfeitures pending. At December 31, 2003, there were forfeitures pending in the amount of $10,563 at the time of the audit. The forfeitures were used to reduce the company contribution.

Administrative Expenses: The Plan sponsor absorbs all of the administrative expenses of the Plan. Such expenses have historically been comprised of fees of audit, custody and recordkeeping services.

Risks and Uncertainties: The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE C PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right at any time to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, all employees will become 100% vested in their accounts.

NOTE D TAX STATUS

The Plan obtained its latest determination letter on July 3, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since that date. The plan administrator and the Plan s tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan s financial statements.

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE E INVESTMENTS

The fair value of individual investments that represent 5% or more of the Plan s net assets as of December 31, 2004 and 2003, are as follows:

	2004	2003
Renasant Corporation Common Stock, 491,533 and 85,139.5 shares, respectively (97,070 shares participant directed; 394,463 shares non-participant directed for December 31, 2004; 85,139.5 shares participant directed for December 31, 2003)	$ 16,269,742	$ 2,809,604
*Federated Max-Cap Index SS, 91,588.05 and 94,908.573 shares, respectively	2,240,848	2,132,596
*Federated Total Return Bond SS, 150,942.349 and 117,178.430, respectively	1,726,786	1,270,214

* Participant directed

During 2004 and 2003, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $497,712 and $1,609,309, respectively, as follows:

	2004	2003
Appreciation (depreciation) in fair value:		
Employer Securities	$ (87,197)	$ 474,413
Registered Investment Companies	472,533	1,134,896
Common Stocks	112,376	
	$ 497,712	$ 1,609,309

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE F NON-PARTICIPANT DIRECTED INVESTMENTS

Information about the significant components of the changes in net assets relating to the non-participant directed investments is as follows:

	2004	2003*
Net assets:		
Employer Securities	$ 13,056,725	$
Common Stock	4,071,812	
Fixed Income Securities	1,998,451	
Convertible Securities	48,025	
Interest-bearing Cash	50,335	
	$ 19,225,348	$

* Non-participant directed assets transferred into the Plan on December 31, 2004.

	Year Ended December 31, 2004
Changes in Net assets:	
Contributions	$
Dividends	
Net Appreciation	37,428
Benefits Paid to Participants	
Transfers to Participant Directed Investments	
	$ 37,428

NOTE G RELATED PARTY TRANSACTIONS

Renasant Corporation sponsors the Plan. Renasant Corporation common stock is one of the investment options in the Plan. Renasant Bank is the trustee of the Plan. Federated Investors, Inc., and related subsidiaries act as custodian and a clearing house for the Plan as well as investment advisor for certain of the Plan s investments.

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

NOTE H SUBSEQUENT EVENT

On January 1, 2005, the Company completed its acquisition of Heritage Financial Holding Corporation (Heritage), a bank holding company headquartered in Decatur, Alabama. Effective January 1, 2005, the Plan was amended to make all newly acquired eligible employees of Heritage participants of the Plan.

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SUPPLEMENTAL SCHEDULE

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

EIN 64-0220550 PLAN 004

SCHEDULE H, LINE 4i

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2004

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Baron	Registered Investment Co. Baron Growth Fund	**	$ 420,086
*	Federated	Registered Investment Co. Federated Cap Appreciation A	**	706,279
*	Federated	Registered Investment Co. Federated Mortgage SS	**	663,134
*	Federated	Registered Investment Co. Federated Max Cap Index SS	**	2,240,848
*	Federated	Registered Investment Co. Fed US Government Sec 1-3YRS SS	**	310,704
*	Federated	Registered Investment Co. Federated Stock Trust Fund	**	420,643
*	Federated	Registered Investment Co., Fed International Equity Fund	**	503,179
*	Federated	Registered Investment Co. Federated Total Return Bond SS	**	1,726,786
*	Federated	Registered Investment Co. Federated Intl High Income A	**	273,459
*	Federated	Registered Investment Co. Federated Kaufmann A	**	578,236
*	Federated	Registered Investment Co. Federated Prime Obligations SS	**	439,916
*	Janus	Registered Investment Co. Janus Adviser Cap Appreciation	**	385,277
*	Lord Abbett	Registered Investment Co. Lord Abbett Mid-Cap Value A	**	105,961
*	MFS	Registered Investment Co. MFS International Value A Fund	**	491,336

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THE PEOPLES BANK & TRUST COMPANY 401(k) PLAN

EIN 64-0220550 PLAN 004

SCHEDULE H, LINE 4i

SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

DECEMBER 31, 2004

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Renasant Corporation	Interest Bearing Cash	**	648,865
*	Renasant Corporation	Renasant Corporation Common Stock	**	3,213,017
*	Renasant Corporation	Interest Bearing Cash	50,335	50,335
*	Renasant Corporation	Renasant Corporation Common Stock	4,397,612	13,056,725
*	Renasant Corporation	Common Stocks, Various	3,660,375	4,071,812
*	Renasant Corporation	Fixed Income Securities, Various	2,027,483	1,998,451
*	Renasant Corporation	Convertible Securities, Various	46,300	48,025
*	Turner	Registered Investment Co., Turner Small Cap Value Fund	**	255,426
*	Participant Loans	Range of interest rates from 5% to 10%	**	27,161
			$ 10,182,105	$ 32,635,661

* Denotes party-in-interest

** Cost information has been omitted for participant directed investment.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report on Form 11-K to be signed on its behalf by the undersigned hereunto duly authorized.

THE PEOPLES BANK & TRUST

COMPANY 401(K) PLAN

Date: June 28, 2005

/s/ Hollis Ray Smith

Hollis Ray Smith
Division Vice President
Human Resources Department

margin: 0pt 0; border-top: #296DC1 0.5pt solid">Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average^{SM} due November 27, 2019

Principal at Risk Securities

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.

Morgan Stanley Finance LLC

Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average℠ due November 27, 2019

Principal at Risk Securities

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 October 17, 2018:

Bloomberg Ticker Symbol:	SPX
Current Index Value:	2,809.21
52 Weeks Ago:	2,559.36
52 Week High (on 9/20/2018):	2,930.75
52 Week Low (on 10/25/2017):	3,194.41

The following graph sets forth the daily closing values of the SPX Index for the period from January 1, 2013 through October 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 October 17, 2018 was 2,809.21. 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 October 17, 2018

October 2018 Page 13

Morgan Stanley Finance LLC

Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average℠ due November 27, 2019

Principal at Risk Securities

S&P 500® Index	**High**	**Low**	**Period End**
2013			
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	1,872.34
Second Quarter	1,962.87	1,815.69	1,960.23
Third Quarter	2,011.36	1,909.57	1,972.29
Fourth Quarter	2,090.57	1,862.49	2,058.90
2015			
First Quarter	2,117.39	1,992.67	2,067.89
Second Quarter	2,130.82	2,057.64	2,063.11
Third Quarter	2,128.28	1,867.61	1,920.03
Fourth Quarter	2,109.79	1,923.82	2,043.94
2016			
First Quarter	2,063.95	1,829.08	2,059.74
Second Quarter	2,119.12	2,000.54	2,098.86
Third Quarter	2,190.15	2,088.55	2,168.27
Fourth Quarter	2,271.72	2,085.18	2,238.83
2017			
First Quarter	2,395.96	2,257.83	2,362.72
Second Quarter	2,453.46	2,328.95	2,423.41
Third Quarter	2,519.36	2,409.75	2,519.36
Fourth Quarter	2,690.16	2,529.12	2,673.61
2018			
First Quarter	2,872.87	2,581.00	2,640.87
Second Quarter	2,786.85	2,581.88	2,718.37
Third Quarter	2,930.75	2,713.22	2,913.98
Fourth Quarter (through October 17, 2018)	2,925.51	2,728.37	2,809.21

"Standard & Poor's®," "S&P®," "S&P 500®," "Standard & Poor's 500" and "500" are trademarks of Standard and Poor's Financial Services LLC. For more information, see "S&P 500® Index" in the accompanying index supplement.

Morgan Stanley Finance LLC

Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average℠ due November 27, 2019

Principal at Risk Securities

NASDAQ-100 Index® Overview

The NASDAQ-100 Index®, which is calculated, maintained and published by Nasdaq, Inc., is a modified capitalization-weighted index of 100 of the largest and most actively traded equity securities of non-financial companies listed on The NASDAQ Stock Market LLC. The NASDAQ-100 Index includes companies across a variety of major industry groups. At any moment in time, the value of the NASDAQ-100 Index equals the aggregate value of the then-current NASDAQ-100 Index share weights of each of the NASDAQ-100 Index component securities, which are based on the total shares outstanding of each such NASDAQ-100 Index component security, multiplied by each such security's respective last sale price on NASDAQ (which may be the official closing price published by NASDAQ), and divided by a scaling factor, which becomes the basis for the reported NASDAQ-100 Index value. For additional information about the NASDAQ-100 Index® , see the information set forth under "NASDAQ-100 Index®" in the accompanying index supplement.

Information as of market close on October 17, 2018:

Bloomberg Ticker Symbol:	NDX
Current Index Value:	7,278.631
52 Weeks Ago:	6,122.610
52 Week High (on 8/29/2018):	7,660.180
52 Week Low (on 10/26/2017):	6,037.872

The following graph sets forth the daily closing values of the NDX Index for the period from January 1, 2013 through October 17, 2018. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the NDX Index for each quarter in the same period. The closing value of the NDX Index on October 17, 2018 was 7,278.631. We obtained the information in the table below from Bloomberg Financial Markets, without independent verification. The NDX Index has at times experienced periods of high volatility, and you should not take the historical values of the NDX Index as an indication of its future performance.

NDX Index Daily Closing Values
January 1, 2013 to October 17, 2018

Morgan Stanley Finance LLC

Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average℠ due November 27, 2019

Principal at Risk Securities

NASDAQ-100 Index®	**High**	**Low**	**Period End**
2013			
First Quarter	2,818.690	2,700.967	2,818.690
Second Quarter	3,028.957	2,741.949	2,909.599
Third Quarter	3,237.611	2,927.346	3,218.198
Fourth Quarter	3,591.996	3,142.535	3,591.996
2014			
First Quarter	3,727.185	3,440.502	3,595.736
Second Quarter	3,849.479	3,446.845	3,849.479
Third Quarter	4,103.083	3,857.938	4,049.445
Fourth Quarter	4,337.785	3,765.281	4,236.279
2015			
First Quarter	4,483.049	4,089.648	4,333.688
Second Quarter	4,548.740	4,311.257	4,396.761
Third Quarter	4,679.675	4,016.324	4,181.060
Fourth Quarter	4,719.053	4,192.963	4,593.271
2016			
First Quarter	4,497.857	3,947.804	4,483.655
Second Quarter	4,565.421	4,201.055	4,417.699
Third Quarter	4,891.363	4,410.747	4,875.697
Fourth Quarter	4,965.808	4,660.457	4,863.620
2017			
First Quarter	5,439.742	4,911.333	5,436.232
Second Quarter	5,885.296	5,353.586	5,646.917
Third Quarter	6,004.380	5,596.956	5,979.298
Fourth Quarter	6,513.269	5,981.918	6,396.422
2018			
First Quarter	7,131.121	6,306.100	6,581.126
Second Quarter	7,280.705	6,390.837	7,040.802
Third Quarter	7,660.180	7,014.554	7,627.650
Fourth Quarter (through October 17, 2018)	7,645.453	6,964.026	7,278.631

"Nasdaq®," "NASDAQ-100®" and "NASDAQ-100 Index®" are trademarks of Nasdaq, Inc. For more information, see "NASDAQ-100 Index®" in the accompanying index supplement.

Morgan Stanley Finance LLC

Trigger Jump Securities With Daily Trigger Monitoring Based on the Value of the Worst Performing of the S&P 500® Index, the NASDAQ-100 Index® and the Dow Jones Industrial Average℠ due November 27, 2019

Principal at Risk Securities

Dow Jones Industrial Average℠ Overview

The Dow Jones Industrial Average℠ is a price-weighted index composed of 30 common stocks that is published by Dow Jones Indexes, the marketing name and a licensed trademark of CME Group Index Services LLC, as representative of the broad market of U.S. industry. For additional information about the Dow Jones Industrial Average℠, see the information set forth under "Dow Jones Industrial Average℠" in the accompanying index supplement.

Information as of market close on October 17, 2018:

Bloomberg Ticker Symbol:	INDU
Current Index Value:	25,706.68
52 Weeks Ago:	22,997.44
52 Week High (on 10/3/2018):	26,828.39
52 Week Low (on 10/17/2017):	22,997.44

The following graph sets forth the daily closing values of the INDU Index for the period from January 1, 2013 through October 17, 2018. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the INDU Index for each quarter in the same period. The closing value of the INDU Index on October 17, 2018 was 25,706.68. We obtained the information in the table below from Bloomberg Financial Markets, without independent verification. The INDU Index has at times experienced periods of high volatility, and you should not take the historical values of the INDU Index as an indication of its future performance.

INDU Index Daily Closing Values
January 1, 2013 to October 17, 2018

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Dow Jones Industrial Average℠	**High**	**Low**	**Period End**
2013			
First Quarter	14,578.54	13,328.85	14,578.54
Second Quarter	15,409.39	14,537.14	14,909.60
Third Quarter	15,676.94	14,776.13	15,129.67
Fourth Quarter	16,576.66	14,776.53	16,576.66
2014			
First Quarter	16,530.94	15,372.80	16,457.66
Second Quarter	16,947.08	16,026.75	16,826.60
Third Quarter	17,279.74	16,368.27	17,042.90
Fourth Quarter	18,053.71	16,117.24	17,823.07
2015			
First Quarter	18,288.63	17,164.95	17,776.12
Second Quarter	18,312.39	17,596.35	17,619.51
Third Quarter	18,120.25	15,666.44	16,284.70
Fourth Quarter	17,918.15	16,272.01	17,425.03
2016			
First Quarter	17,716.66	15,660.18	17,685.09
Second Quarter	18,096.27	17,140.24	17,929.99
Third Quarter	18,636.05	17,840.62	18,308.15
Fourth Quarter	19,974.62	17,888.28	19,762.60
2017			
First Quarter	21,115.55	19,732.40	20,663.22
Second Quarter	21,528.99	20,404.49	21,349.63
Third Quarter	22,412.59	21,320.04	22,405.09
Fourth Quarter	24,837.51	22,557.60	24,719.22
2018			
First Quarter	26,616.71	23,533.20	24,103.11
Second Quarter	25,322.31	23,644.19	24,271.41
Third Quarter	26,743.50	24,174.82	26,458.31
Fourth Quarter (through October 17, 2018)	26,828.39	25,052.83	25,706.68

"Dow Jones," "Dow Jones Industrial Average," "Dow Jones Indexes" and "DJIA" are service marks of Dow Jones Trademark Holdings LLC. See "Dow Jones Industrial Average℠" in the accompanying index supplement.

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Additional Information About the Securities

Please read this information in conjunction with the summary terms on the front cover of this document.

Additional Provisions:

Minimum ticketing size:	$1,000 / 1 security
Tax considerations:	Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the securities due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP, under current law, and based on current market conditions, a security should be treated as a single financial contract that is an "open transaction" for U.S. federal income tax purposes. Assuming this treatment of the securities is respected and subject to the discussion in "United States Federal Taxation" in the accompanying product supplement for Jump Securities, the following U.S. federal income tax consequences should result based on current law: § A U.S. Holder should not be required to recognize taxable income over the term of the securities prior to settlement, other than pursuant to a sale or exchange. § Upon sale, exchange or settlement of the securities, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized and the U.S. Holder's tax basis in the securities. Such gain or loss should be long-term capital gain or loss if the investor has held the securities for more than one year, and short-term capital gain or loss otherwise. In 2007, the U.S. Treasury Department and the Internal Revenue Service (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.

As discussed in the accompanying product supplement for Jump Securities, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an "Underlying Security"). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a "Specified Security"). However, pursuant to an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2021 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the securities do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the securities should not be Specified Securities and, therefore, should not be subject to Section 871(m).

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. If withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

Both U.S. and non-U.S. investors considering an investment in the securities should read the discussion under "Risk Factors" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement for Jump Securities and consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the securities, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The discussion in the preceding paragraphs under "Tax considerations" and the discussion contained in the section entitled "United States Federal Taxation" in the accompanying product supplement for Jump Securities, insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the securities.

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Trustee:	The Bank of New York Mellon
Calculation agent:	Morgan Stanley & Co. LLC ("MS & Co.")
Use of proceeds and hedging:	The proceeds from the sale of the securities will be used by us for general corporate purposes. We will receive, in aggregate, $1,000 per security issued, because, when we enter into hedging transactions in order to meet our obligations under the securities, our hedging counterparty will reimburse the cost of the agent's commissions. The costs of the securities borne by you and described on page 2 above comprise the agent's commissions and the cost of issuing, structuring and hedging the securities. On or prior to the pricing date, we expect to hedge our anticipated exposure in connection with the securities by entering into hedging transactions with our affiliates and/or third party dealers. We expect our hedging counterparties to take positions in stocks of the underlying indices and in futures and options contracts on the underlying indices and any component stocks of the underlying indices listed on major securities markets. Such purchase activity could potentially increase the initial index value of any underlying index, and, therefore, could increase the value at or above which such underlying index must close on each index business day during the term of the securities so that you are not exposed to the negative performance of the worst performing underlying index at maturity (depending also on the performance of the other underlying indices). In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the securities, including on the valuation date, by purchasing and selling the stocks constituting the underlying indices, futures or options contracts on the underlying indices or their component stocks listed on major securities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging activities. 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. We cannot give any assurance that our hedging activities will not affect the value of any underlying index, and, therefore, adversely affect the value of the securities or the payment you will receive at maturity, if any (depending also on the performance of the other underlying indices). For further information on our use of proceeds and hedging, see "Use of Proceeds and Hedging" in the accompanying product supplement.
Benefit plan investor considerations:	Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also "Plans"). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the securities are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the securities are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these "prohibited transaction" rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the securities. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Code Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the issuer of the securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than "adequate consideration" in connection with the transaction (the so-called "service provider" exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the securities.

Because we may be considered a party in interest with respect to many Plans, the securities may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the securities will be deemed to have represented,

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in its corporate and its fiduciary capacity, by its purchase and holding of the securities that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such securities on behalf of or with "plan assets" of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (b) its purchase, holding and disposition of these securities will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the securities on behalf of or with "plan assets" of any Plan consult with their counsel regarding the availability of exemptive relief.

The securities are contractual financial instruments. The financial exposure provided by the securities is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the securities. The securities have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the securities.

Each purchaser or holder of any securities acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the securities, (B) the purchaser or holder's investment in the securities, or (C) the exercise of or failure to exercise any rights we have under or with respect to the securities;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the securities and (B) all hedging transactions in connection with our obligations under the securities;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the securities has exclusive responsibility for ensuring that its purchase, holding and disposition of the securities do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any securities to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this document is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of these securities should consult and rely on their own counsel and advisers as to whether an investment in these securities is suitable.

Additional considerations:

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the securities if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the securities by the account, plan or annuity. Client accounts over which Morgan Stanley, Morgan Stanley Wealth Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the securities, either directly or indirectly.

Supplemental information regarding plan of distribution; conflicts of interest:

Selected dealers, which may include our affiliates, and their financial advisors will collectively receive from the agent a fixed sales commission of $ for each security they sell.

MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the securities. When MS & Co. prices this offering of securities, it will determine the economic terms of the securities, including the upside payment, such that for each security the estimated value on the pricing date will be no lower than the minimum level described in "Investment Summary" on page 2.

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	MS & Co. will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm's distribution of the securities of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See "Plan of Distribution (Conflicts of Interest)" and "Use of Proceeds and Hedging" in the accompanying product supplement.
Contact:	Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or Morgan Stanley's principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087.
	Morgan Stanley and MSFL have filed a registration statement (including a prospectus, as supplemented by the product supplement for Jump Securities and the index supplement) with the Securities and Exchange Commission, or SEC, for the offering to which this communication relates. You should read the prospectus in that registration statement, the product supplement for Jump Securities, the index supplement and any other documents relating to this offering that Morgan Stanley and MSFL have filed with the SEC for more complete information about Morgan Stanley, MSFL and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at.www.sec.gov. Alternatively, Morgan Stanley, any underwriter or any dealer participating in the offering will arrange to send you the prospectus, the product supplement for Jump Securities and the index supplement if you so request by calling toll-free 800-584-6837.
Where you can find more information:	You may access these documents on the SEC web site at.www.sec.gov as follows:

Product Supplement for Jump Securities dated November 16, 2017

Index Supplement dated November 16, 2017

Prospectus dated November 16, 2017

Terms used but not defined in this document are defined in the product supplement for Jump Securities, in the index supplement or in the prospectus.

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