

MORGAN STANLEY  
Form FWP  
September 05, 2018

**September 2018**

Preliminary Terms No. 965

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

Dated September 4, 2018

Filed pursuant to Rule 433

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Fully and Unconditionally Guaranteed by Morgan Stanley**

**Principal at Risk Securities**

The securities offered are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”), fully and unconditionally guaranteed by Morgan Stanley, and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. The securities do not guarantee the repayment of principal and do not provide for the regular payment of interest. The securities will be automatically redeemed if the closing level of **each** of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1, which we refer to as the underlyings, on any of the monthly determination dates (beginning after six months) is greater than or equal to its respective initial level, for an early redemption payment that will increase over the term of the securities, as described below. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final level of each underlying is **greater than or equal to 70%** of its respective initial level, which we refer to as the respective downside threshold level, investors will receive a payment at maturity of \$1,294.375 per \$1,000 security. However, if the securities are not redeemed prior to maturity and the final level of **any underlying is** less than its respective downside threshold level, investors will be exposed to the decline in the worst performing underlying on a 1-to-1 basis, and will receive a payment at maturity that is less than 70% of the stated principal amount of the securities and could be zero.

**Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.** The securities are for investors who are willing to forgo current income and participation in the appreciation of any underlying in exchange for the possibility of receiving an early redemption payment or payment at maturity greater than the stated principal amount if each underlying closes at or above the respective initial level on a monthly determination date (beginning after six months) or if each underlying closes at or above the downside threshold level on the final determination date. Because all payments on the securities are based on the worst performing of the underlyings, a decline beyond the respective downside threshold level of any underlying will result in a significant loss of your investment, even if one or both of the other underlyings have appreciated or have not

declined as much. Investors will not participate in any appreciation of any underlying. 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

<b>Issuer:</b>	Morgan Stanley Finance LLC
<b>Guarantor:</b>	Morgan Stanley
<b>Underlyings:</b>	S&P 500 <sup>®</sup> Index (the "SPX Index"), Russell 2000 Index (the "RTY Index") and Invesco QQQ Trust <sup>SM</sup> , Series 1 (the "QQQ Shares")
<b>Aggregate principal amount:</b>	\$
<b>Stated principal amount:</b>	\$1,000 per security
<b>Issue price:</b>	\$1,000 per security
<b>Pricing date:</b>	September 7, 2018
<b>Original issue date:</b>	September 12, 2018 (3 business days after the pricing date)
<b>Maturity date:</b>	June 10, 2022

**Early redemption:** **The securities are not subject to automatic early redemption until approximately six months after the original issue date.** Following this initial six-month non-call period, if, on any monthly determination date, beginning on March 7, 2019, the closing level of **each** underlying is **greater than or equal to** its respective initial level, the securities will be automatically redeemed for the applicable early redemption payment on the related early redemption date.

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

**Early redemption payment:** The early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of 7.85% *per annum*) for each monthly determination date, as set forth under "Determination Dates and Early Redemption Payments" below.

No further payments will be made on the securities once they have been redeemed.

Beginning after six months, monthly. See "Determination Dates and Early Redemption Payments" below.

### Determination dates:

The determination dates are subject to postponement for non-index business days, non-trading days and certain market disruption events.

**Early redemption dates:** The fifth business day after the relevant determination date

**Downside threshold level:** With respect to the SPX Index, , which is 70% of its initial level

With respect to the RTY Index, , which is 70% of the initial level

With respect to the QQQ Shares, \$ , which is 70% of the initial level

If the securities have not previously been redeemed, you will receive at maturity a cash payment per security as follows:

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

\$1,294.375

**Payment at maturity:**

· If the final level of **any underlying is less than** its respective downside threshold level:

\$1,000 × underlying performance factor of the worst performing underlying

**Under these circumstances, you will lose more than 30%, and possibly all, of your investment.**

*Terms continued on the following page*

**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 \$960.80 per security, or within \$15.00 of that estimate. See “Investment Summary” beginning on page 4.

**Commissions and issue price:**

**Per security**

**Total**

	<b>Price to public</b>	<b>Agent’s commissions and fees<sup>(1)</sup></b>	<b>Proceeds to us<sup>(2)</sup></b>
	\$1,000	\$	\$
	\$	\$	\$

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

*(2) See “Use of proceeds and hedging” on page 27.*

**The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 12.**

**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.**

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

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

**Index Supplement dated**

**November 16, 2017**

**Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

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**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

*Terms continued from previous page:*

- With respect to the SPX Index, , which is the index closing value of such underlying on the pricing date
- Initial level:** With respect to the RTY Index, , which is the index closing value of such underlying on the pricing date
- With respect to the QQQ Shares, \$ , which is the closing price of such underlying on the pricing date
- With respect to each of the SPX Index and the RTY Index, the index closing value of such underlying on the final determination date
- Final level:** With respect to the QQQ Shares, the closing price of such underlying on the final determination date *times* the adjustment factor on such date
- Adjustment factor:** With respect to the QQQ Shares, 1.0, subject to adjustment in the event of certain events affecting such underlying
- Worst performing underlying:** The underlying with the largest percentage decrease from the respective initial level to the respective final level
- Underlying performance factor:** With respect to each underlying, the final level *divided by* the initial level
- CUSIP / ISIN:** 61768DEG6 / US61768DEG60
- Listing:** The securities will not be listed on any securities exchange.

Determination Dates and Early Redemption Payments

(Beginning After Six Months)

Determination Dates	Early Redemption Payments (per \$1,000 Security)
1 <sup>st</sup> determination date: 3/7/2019	\$1,039.2500
2 <sup>nd</sup> determination date: 4/8/2019	\$1,045.7917
3 <sup>rd</sup> determination date: 5/7/2019	\$1,052.3333

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4 <sup>th</sup> determination date:	6/7/2019	\$1,058.8750
5 <sup>th</sup> determination date:	7/8/2019	\$1,065.4167
6 <sup>th</sup> determination date:	8/7/2019	\$1,071.9583
7 <sup>th</sup> determination date:	9/9/2019	\$1,078.5000
8 <sup>th</sup> determination date:	10/7/2019	\$1,085.0417
9 <sup>th</sup> determination date:	11/7/2019	\$1,091.5833
10 <sup>th</sup> determination date:	12/9/2019	\$1,098.1250
11 <sup>th</sup> determination date:	1/7/2020	\$1,104.6667
12 <sup>th</sup> determination date:	2/7/2020	\$1,111.2083
13 <sup>th</sup> determination date:	3/9/2020	\$1,117.7500
14 <sup>th</sup> determination date:	4/7/2020	\$1,124.2917
15 <sup>th</sup> determination date:	5/7/2020	\$1,130.8333
16 <sup>th</sup> determination date:	6/8/2020	\$1,137.3750
17 <sup>th</sup> determination date:	7/7/2020	\$1,143.9167
18 <sup>th</sup> determination date:	8/7/2020	\$1,150.4583
19 <sup>th</sup> determination date:	9/8/2020	\$1,157.0000
20 <sup>th</sup> determination date:	10/7/2020	\$1,163.5417
21 <sup>st</sup> determination date:	11/9/2020	\$1,170.0833
22 <sup>nd</sup> determination date:	12/7/2020	\$1,176.6250
23 <sup>rd</sup> determination date:	1/7/2021	\$1,183.1667
24 <sup>th</sup> determination date:	2/8/2021	\$1,189.7083
25 <sup>th</sup> determination date:	3/8/2021	\$1,196.2500
26 <sup>th</sup> determination date:	4/7/2021	\$1,202.7917
27 <sup>th</sup> determination date:	5/7/2021	\$1,209.3333

Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

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**Principal at Risk Securities**

Determination Dates	Early Redemption Payments (per \$1,000 Security)
28 <sup>th</sup> determination date: 6/7/2021	\$1,215.8750
29 <sup>th</sup> determination date: 7/7/2021	\$1,222.4167
30 <sup>th</sup> determination date: 8/9/2021	\$1,228.9583
31 <sup>st</sup> determination date: 9/7/2021	\$1,235.5000
32 <sup>nd</sup> determination date: 10/7/2021	\$1,242.0417
33 <sup>rd</sup> determination date: 11/8/2021	\$1,248.5833
34 <sup>th</sup> determination date: 12/7/2021	\$1,255.1250
35 <sup>th</sup> determination date: 1/7/2022	\$1,261.6667
36 <sup>th</sup> determination date: 2/7/2022	\$1,268.2083
37 <sup>th</sup> determination date: 3/7/2022	\$1,274.7500
38 <sup>th</sup> determination date: 4/7/2022	\$1,281.2917
39 <sup>th</sup> determination date: 5/9/2022	\$1,287.8333
Final determination date: 6/7/2022	See "Payment at maturity" above.

Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

### **Principal at Risk Securities**

Investment Summary

### **Jump Securities with Auto-Callable Feature**

### **Principal at Risk Securities**

The Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period All Payments on the Securities Based on the Worst Performing of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1 (the “securities”) do not provide for the regular payment of interest. Instead, the securities will be automatically redeemed if the closing level of **each of** the S&P 500<sup>®</sup> Index, Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1, on any monthly determination date, beginning after six months, is greater than or equal to its respective initial level, for an early redemption payment that will increase over the term of the securities, as described below. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final level of each underlying is **greater than or equal to 70%** of its respective initial level, which we refer to as the respective downside threshold level, investors will receive a payment at maturity of \$1,294.375 per \$1,000 security. However, if the securities are not redeemed prior to maturity and the final level of **any underlying is** less than its respective downside threshold level, investors will be exposed to the decline in the worst performing underlying on a 1-to-1 basis, and will receive a payment at maturity that is less than 70% of the stated principal amount of the securities and could be zero. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.** Investors will not participate in any appreciation in any underlying.

Maturity: Approximately 3.75 years

Automatic early redemption: The securities are not subject to automatic early redemption until approximately six months after the original issue date. Following this initial six-month non-call period, if, on any monthly determination date, the closing level of each underlying is greater than or equal to its respective initial level, the securities will be automatically redeemed for the applicable early redemption payment on the related early redemption date.

Early redemption: The early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of 7.85% *per annum*) for each monthly determination date (beginning after six months),



payment: as follows:

- 1<sup>st</sup> determination date: \$1,039.2500
- 2<sup>nd</sup> determination date: \$1,045.7917
- 3<sup>rd</sup> determination date: \$1,052.3333
- 4<sup>th</sup> determination date: \$1,058.8750
- 5<sup>th</sup> determination date: \$1,065.4167
- 6<sup>th</sup> determination date: \$1,071.9583
- 7<sup>th</sup> determination date: \$1,078.5000
- 8<sup>th</sup> determination date: \$1,085.0417
- 9<sup>th</sup> determination date: \$1,091.5833
- 10<sup>th</sup> determination date: \$1,098.1250
- 11<sup>th</sup> determination date: \$1,104.6667
- 12<sup>th</sup> determination date: \$1,111.2083
- 13<sup>th</sup> determination date: \$1,117.7500
- 14<sup>th</sup> determination date: \$1,124.2917
- 15<sup>th</sup> determination date: \$1,130.8333
- 16<sup>th</sup> determination date: \$1,137.3750
- 17<sup>th</sup> determination date: \$1,143.9167
- 18<sup>th</sup> determination date: \$1,150.4583
- 19<sup>th</sup> determination date: \$1,157.0000
- 20<sup>th</sup> determination date: \$1,163.5417
- 21<sup>st</sup> determination date: \$1,170.0833
- 22<sup>nd</sup> determination date: \$1,176.6250
- 23<sup>rd</sup> determination date: \$1,183.1667

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- 24<sup>th</sup> determination date: \$1,189.7083
- 25<sup>th</sup> determination date: \$1,196.2500

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**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

- 26<sup>th</sup> determination date: \$1,202.7917
- 27<sup>th</sup> determination date: \$1,209.3333
- 28<sup>th</sup> determination date: \$1,215.8750
- 29<sup>th</sup> determination date: \$1,222.4167
- 30<sup>th</sup> determination date: \$1,228.9583
- 31<sup>st</sup> determination date: \$1,235.5000
- 32<sup>nd</sup> determination date: \$1,242.0417
- 33<sup>rd</sup> determination date: \$1,248.5833
- 34<sup>th</sup> determination date: \$1,255.1250
- 35<sup>th</sup> determination date: \$1,261.6667
- 36<sup>th</sup> determination date: \$1,268.2083
- 37<sup>th</sup> determination date: \$1,274.7500
- 38<sup>th</sup> determination date: \$1,281.2917
- 39<sup>th</sup> determination date: \$1,287.8333
- 40<sup>th</sup> determination date: \$1,294.3750

No further payments will be made on the securities once they have been redeemed.

Payment at maturity: If the securities have not previously been redeemed, you will receive at maturity a cash payment per security as follows:

- If the final level of **each underlying** is **greater than or equal to** its respective downside threshold level:

\$1,294.375

- If the final level of **any underlying** is **less than** its respective downside threshold level:

\$1,000 × underlying performance factor of the worst performing underlying

**Under these circumstances, investors will lose a significant portion or all of their investment. Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.**

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 \$960.80, or within \$15.00 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 underlyings. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlyings, instruments based on the underlyings, 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 early redemption payment amounts and the downside threshold levels, 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.

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Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

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**Principal at Risk Securities**

*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 underlyings, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlyings, 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 do not provide for the regular payment of interest. Instead, the securities will be automatically redeemed if the closing level of **each of** the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1, on any monthly determination date, beginning after six months, is greater than or equal to its respective initial level.

The following scenarios are for illustrative purposes only to demonstrate how an automatic early redemption payment or the payment at maturity (if the securities have not previously been redeemed) are calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the securities may or may not be redeemed prior to maturity and the payment at maturity may be less than 70% of the stated principal amount of the securities and may be zero.

#### **Scenario 1: The securities are redeemed prior to maturity**

Beginning after six months, when each underlying closes at or above its respective initial level on any monthly determination date, the securities will be automatically redeemed for the applicable early redemption payment on the related early redemption date. Investors do not participate in any appreciation in any underlying.

#### **Scenario 2: The securities are not redeemed prior to maturity, and investors receive a fixed positive return at maturity**

This scenario assumes that at least one underlying closes below its respective initial level on each of the monthly determination dates (beginning after six months). Consequently, the securities are not redeemed prior to maturity. On the final determination date, each underlying closes at or above its respective downside threshold level. At maturity, investors will receive a cash payment equal to \$1,294.375 per stated principal amount. Investors do not participate in any appreciation in any underlying.

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

This scenario assumes that at least one underlying closes below its respective initial level on each of the monthly determination dates (beginning after six months). Consequently, the securities are not redeemed prior to maturity. On the final determination date, at least one underlying closes below its respective downside threshold level. At maturity, investors will receive an amount equal to the stated principal amount multiplied by the underlying performance factor of the worst performing underlying. Under these circumstances, the payment at maturity will be significantly less than the stated principal amount and could be zero.

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### Principal at Risk Securities

### Hypothetical Examples

The following hypothetical examples are for illustrative purposes only. Whether the securities are redeemed prior to maturity will be determined by reference to the closing level of each underlying on each of the monthly determination dates (beginning after six months), and the payment at maturity, if any, will be determined by reference to the closing level of each underlying on the final determination date. The actual initial levels and downside threshold levels will be determined on the pricing date. Some numbers appearing in the examples below have been rounded for ease of analysis. All payments on the securities are subject to our credit risk. The below examples are based on the following terms:

Early Redemption Payment: The early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of approximately 7.85% *per annum*) for each monthly determination date, as follows:

- 1<sup>st</sup> determination date: \$1,039.2500
- 2<sup>nd</sup> determination date: \$1,045.7917
- 3<sup>rd</sup> determination date: \$1,052.3333
- 4<sup>th</sup> determination date: \$1,058.8750
- 5<sup>th</sup> determination date: \$1,065.4167
- 6<sup>th</sup> determination date: \$1,071.9583
- 7<sup>th</sup> determination date: \$1,078.5000
- 8<sup>th</sup> determination date: \$1,085.0417
- 9<sup>th</sup> determination date: \$1,091.5833
- 10<sup>th</sup> determination date: \$1,098.1250



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- 11<sup>th</sup> determination date: \$1,104.6667
- 12<sup>th</sup> determination date: \$1,111.2083
- 13<sup>th</sup> determination date: \$1,117.7500
- 14<sup>th</sup> determination date: \$1,124.2917
- 15<sup>th</sup> determination date: \$1,130.8333
- 16<sup>th</sup> determination date: \$1,137.3750
- 17<sup>th</sup> determination date: \$1,143.9167
- 18<sup>th</sup> determination date: \$1,150.4583
- 19<sup>th</sup> determination date: \$1,157.0000
- 20<sup>th</sup> determination date: \$1,163.5417
- 21<sup>st</sup> determination date: \$1,170.0833
- 22<sup>nd</sup> determination date: \$1,176.6250
- 23<sup>rd</sup> determination date: \$1,183.1667
- 24<sup>th</sup> determination date: \$1,189.7083
- 25<sup>th</sup> determination date: \$1,196.2500
- 26<sup>th</sup> determination date: \$1,202.7917
- 27<sup>th</sup> determination date: \$1,209.3333
- 28<sup>th</sup> determination date: \$1,215.8750
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- 30<sup>th</sup> determination date: \$1,228.9583
- 31<sup>st</sup> determination date: \$1,235.5000
- 32<sup>nd</sup> determination date: \$1,242.0417
- 33<sup>rd</sup> determination date: \$1,248.5833
- 34<sup>th</sup> determination date: \$1,255.1250
- 35<sup>th</sup> determination date: \$1,261.6667

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- 36<sup>th</sup> determination date: \$1,268.2083
- 37<sup>th</sup> determination date: \$1,274.7500
- 38<sup>th</sup> determination date: \$1,281.2917
- 39<sup>th</sup> determination date: \$1,287.8333
- 40<sup>th</sup> determination date: \$1,294.3750

No further payments will be made on the securities once they have been redeemed.

Payment at  
Maturity

If the securities have not previously been redeemed, you will receive at maturity a cash

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**Principal at Risk Securities**

payment per security as follows:

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

\$1,294.375

· If the final level of **any underlying** is **less than** its respective downside threshold level:

\$1,000 × underlying performance factor of the worst performing underlying.

**Under these circumstances, you will lose a significant portion or all of your investment.**

Stated Principal Amount: \$1,000  
With respect to the SPX Index: 2,800

Hypothetical Initial Level: With respect to the RTY Index: 1,700

With respect to the QQQ Shares: \$180

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With respect to the SPX Index: 1,960, which is 70% of its hypothetical initial level

Hypothetical Downside  
Threshold Level:

With respect to the RTY Index: 1,190, which is 70% of the hypothetical initial level

With respect to the QQQ Shares: \$126, which is 70% of the hypothetical initial level

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**Principal at Risk Securities**

**Automatic Call:**

**Example 1 — the securities are redeemed following the second determination date**

Date	SPX Index Closing Level	RTY Index Closing Level	QQQ Shares Closing Level	Payment (per Security)
1 <sup>st</sup> Determination Date	2,500 ( <b>below</b> the initial level)	1,900 ( <b>at or above</b> the initial level)	\$200 ( <b>at or above</b> the initial level)	--
2 <sup>nd</sup> Determination Date	3,100 ( <b>at or above</b> the initial level)	2,300 ( <b>at or above</b> the initial level)	\$220 ( <b>at or above</b> the initial level)	\$1,045.7917

In this example, on the first determination date, the closing levels of two of the underlyings are at or above their respective initial levels, but the closing level of the other underlying is below its respective initial level. Therefore, the securities are not redeemed. On the second determination date, the closing level of each underlying is at or above the respective initial level. Therefore, the securities are automatically redeemed on the second early redemption date. Investors will receive a payment of \$1,045.7917 per security on the related early redemption date. No further payments will be made on the securities once they have been redeemed, and investors do not participate in the appreciation in any underlying.

How to calculate the payment at maturity:

In the following examples, one or more of the underlyings close below the respective initial level(s) on each of the monthly determination dates, and, consequently, the securities are not automatically redeemed prior to, and remain outstanding until, maturity.

SPX Index Final Level	RTY Index Final Level	QQQ Shares Final Level	Payment at Maturity (per Security)
			\$1,294.375

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Example 1:	3,000 ( <b>at or above</b> its downside threshold level)	2,400 ( <b>at or above</b> its downside threshold level)	\$150 ( <b>at or above</b> its downside threshold level)	
Example 2:	3,500 ( <b>at or above</b> its downside threshold level)	2,040 ( <b>at or above</b> its downside threshold level)	\$54 ( <b>below</b> its downside threshold level)	\$1,000 x (\$54 / \$180) = \$300
Example 3:	560 ( <b>below</b> its downside threshold level)	2,125 ( <b>at or above</b> its downside threshold level)	\$135 ( <b>at or above</b> its downside threshold level)	\$1,000 x (560 / 2,800) = \$200
Example 4:	560 ( <b>below</b> its downside threshold level)	850 ( <b>below</b> its downside threshold level)	\$46.25 ( <b>below</b> its downside threshold level)	\$1,000 x (560 / 2,800) = \$200

In example 1, the final level of each underlying is at or above its respective downside threshold level. Therefore, investors receive \$1,294.375 per security at maturity. Investors do not participate in any appreciation in any underlying.

In example 2, the final levels of two of the underlyings are at or above their respective downside threshold levels, but the final level of the other underlying is below its respective downside threshold level. Therefore, investors are exposed to the downside performance of the worst performing underlying at maturity. The SPX Index has increased 25% from its initial level to its final level, the RTY Index has increased 20% from the respective initial level to the respective final level and the QQQ Shares have declined 70% from the respective initial level to the respective final level. Therefore, investors receive at maturity an amount equal to the stated principal amount times the underlying performance factor of the QQQ Shares, which represent the worst performing underlying in this example.

In example 3, the final levels of two of the underlyings are at or above their respective downside threshold levels, but the final level of the other underlying is below its respective downside threshold level. Therefore, investors are exposed to the downside performance of the worst performing underlying at maturity. The QQQ Shares have declined 25% from the respective initial level to the respective final level, the RTY Index has increased 25% from the respective initial level to the respective final level and the

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SPX Index has declined 80% from its initial level to its final level. Therefore, investors receive at maturity an amount equal to the stated principal amount times the underlying performance factor of the SPX Index, which is the worst performing underlying in this example.

In example 4, the final level of each underlying is below its respective downside threshold level, and so investors receive at maturity an amount equal to the stated principal amount *times* the underlying performance factor of the worst performing underlying. The SPX Index has declined 80% from its initial level to its final level, the RTY Index has declined 50% from the respective initial level to the respective final level and the QQQ Shares have declined 75% from the respective initial level to the respective final level. Therefore, the payment at maturity equals the stated principal amount *times* the underlying performance factor of the SPX Index, which is the worst performing underlying in this example.

**If the securities are not redeemed prior to maturity and the final level of any underlying is below its respective downside threshold level, you will be exposed to the downside performance of the worst performing underlying at maturity, and your payment at maturity will be less than 70% of the stated principal amount per security and could be zero.**

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### Principal at Risk Securities

#### Risk Factors

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

**The securities do not pay interest or guarantee the return of any principal.** The terms of the securities differ from those of ordinary debt securities in that they do not pay interest or guarantee the return of any of the principal amount at maturity. If the securities have not been automatically redeemed prior to maturity and the final level of **any underlying** is less than its respective downside threshold level of 70% of its initial level, you will be exposed to § the decline in the value of the worst performing underlying, as compared to its initial level, on a 1-to-1 basis, and you will receive for each security that you hold at maturity an amount equal to the stated principal amount *times* the underlying performance factor of the worst performing underlying. In this case, the payment at maturity will be less than 70% of the stated principal amount and could be zero.

**The appreciation potential of the securities is limited by the fixed early redemption payment or payment at maturity specified for each determination date.** The appreciation potential of the securities is limited to the fixed early redemption payment specified for each determination date if each underlying closes at or above its respective § initial level on any monthly determination date (beginning after six months), or to the fixed upside payment at maturity if the securities have not been redeemed and the final level of each underlying is at or above its downside threshold level. In all cases, you will not participate in any appreciation of any underlying, which could be significant.

§ **You are exposed to the price risk of each underlying.** Your return on the securities is not linked to a basket consisting of each underlying. Rather, it will be contingent upon the independent performance of each underlying. Unlike an instrument with a return linked to a basket of underlying assets, in which risk is mitigated and diversified among all the components of the basket, you will be exposed to the risks related to each underlying. Poor performance by **any underlying** over the term of the securities may negatively affect your return and will not be offset or mitigated by any positive performance by any of the other underlyings. To receive an early redemption payment, **each underlying** must close at or above its respective initial level on the applicable determination date. In addition, if the securities have not been redeemed and **at least one underlying** has declined to below its respective downside threshold level as of the final determination date, you will be **fully exposed** to the decline in the worst performing underlying over the term of the securities on a 1-to-1 basis, even if one or more of the other underlyings



have appreciated or have not declined as much. Under this scenario, the value of any such payment at maturity will be less than 70% of the stated principal amount and could be zero. Accordingly, your investment is subject to the price risk of each underlying.

**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 upon an early redemption or 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 securities are linked to the Russell 2000<sup>®</sup> Index and are subject to risks associated with small-capitalization companies.** As the Russell 2000<sup>®</sup> Index is one of the underlying indices, and the Russell 2000<sup>®</sup> 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<sup>®</sup> 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.

**The QQQ Shares are subject to risks associated with investments concentrated in the non-financial equities sector.** All or substantially all of the equity securities held by the QQQ Shares are issued by companies whose § primary business is directly associated with non-financial equities. The QQQ Shares may therefore be subject to increased price volatility, as they may be more susceptible to adverse economic, market, political or regulatory events affecting a particular industry or market sector.

**The market price will 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. We expect that generally the level of interest § rates available in the market and the value of each underlying on any day, including in relation to its respective initial level and downside threshold level, will affect the value of the securities more than any other factors. Other factors that may influence the value of the securities include:

- o the volatility (frequency and magnitude of changes in value) of the underlyings,

geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the component ostocks of the SPX Index, the RTY Index or the share underlying index or securities markets generally and which may affect the value of each underlying,

- o dividend rates on the securities underlying the SPX Index, the RTY Index or the share underlying index,

- o the time remaining until the securities mature,
- o interest and yield rates in the market,
- o the availability of comparable instruments,

o the composition of the underlyings and changes in the constituent stocks of SPX Index, the RTY Index or the share underlying index, and

- o any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the price that you will receive if you sell your securities prior to maturity. For example, you may have to sell your securities at a substantial discount from the stated principal amount of \$1,000 per security if the price of any underlying at the time of sale is near or below its downside threshold level or if market interest rates rise.

You cannot predict the future performance of any underlying based on its historical performance. The value(s) of one or more of the underlyings may decrease so that you will receive no return on your investment and receive a payment at maturity that is less than 70% of the stated principal amount. See “S&P 500<sup>®</sup> Index Overview,” “Russell 2000<sup>®</sup> Index Overview” and “Invesco QQQ Trust<sup>SM</sup>, Series 1, Overview” below.

**Not equivalent to investing in any underlying or the component stocks of the SPX Index, the RTY Index or § the share underlying index.** Investing in the securities is not equivalent to investing in any underlying or the component

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stocks of the SPX Index, the RTY Index or the share underlying index. Investors in the securities will not participate in any positive performance of any underlying, and will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the SPX Index, the RTY Index or the share underlying index.

**Reinvestment risk.** The term of your investment in the securities may be shortened due to the automatic early redemption feature of the securities. If the securities are redeemed prior to maturity, you will receive no further § payments on the securities and may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. However, under no circumstances will the securities be redeemed in the first six months of the term of the securities.

**The securities will not be listed on any securities exchange and secondary trading may be limited, and accordingly, you should be willing to hold your securities for the entire 3.75-year term of the securities.** The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. 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 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.

**Adjustments to the SPX Index or the RTY Index could adversely affect the value of the securities.** The publisher of the SPX Index or the RTY Index may add, delete or substitute the stocks constituting the relevant index or make other methodological changes that could change the value of the relevant index. The publisher of the SPX § Index or the RTY Index may discontinue or suspend calculation or publication of the relevant index at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued underlying and will be permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates.

§

**Adjustments to the QQQ Shares or the share underlying index could adversely affect the value of the securities.** The investment adviser to the QQQ Shares, Invesco Capital Management LLC (the “Investment Adviser”), seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the NASDAQ-100 Index® (the “share underlying index”). Pursuant to its investment strategies or otherwise, the Investment Adviser may add, delete or substitute the stocks composing the QQQ Shares. Any of these actions could adversely affect the price of the QQQ Shares and, consequently, the value of the securities. Nasdaq, Inc. is responsible for calculating and maintaining the share underlying index. The publisher may add, delete or substitute the stocks constituting the share underlying index or make other methodological changes that could change the level of the share underlying index. The publisher of the share underlying index may discontinue or suspend calculation or publication of the share underlying index at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued share underlying index and is permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates. Any of these actions could adversely affect the price of the QQQ Shares and, consequently, the value of the securities.

**The performance and market price of the QQQ Shares, particularly during periods of market volatility, may not correlate with the performance of the share underlying index, the performance of the component securities of the share underlying index or the net asset value per share of the QQQ Shares.** The QQQ Shares do not fully replicate the share underlying index and may hold securities that are different than those included in the share underlying index. In addition, the performance of the QQQ Shares will reflect additional transaction costs and fees that are not included in the calculation of the share underlying index. All of these factors may lead to a lack of correlation between the performance of the QQQ Shares and the share underlying index. In addition, corporate actions (such as

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mergers and spin-offs) with respect to the equity securities underlying the QQQ Shares may impact the variance between the performance of the QQQ Shares and the share underlying index. Finally, because the shares of the QQQ Shares are traded on an exchange and are subject to market supply and investor demand, the market price of one share of the QQQ Shares may differ from the net asset value per share of the QQQ Shares.

In particular, during periods of market volatility, or unusual trading activity, trading in the securities underlying the QQQ Shares may be disrupted or limited, or such securities may be unavailable in the secondary market. Under these circumstances, the liquidity of the QQQ Shares may be adversely affected, market participants may be unable to calculate accurately the net asset value per share of the QQQ Shares, and their ability to create and redeem Shares of the QQQ Shares may be disrupted. Under these circumstances, the market price of shares of the QQQ Shares may vary substantially from the net asset value per share of the QQQ Shares or the level of the share underlying index.

For all of the foregoing reasons, the performance of the QQQ Shares may not correlate with the performance of the share underlying index, the performance of the component securities of the share underlying index or the net asset value per share of the QQQ Shares. Any of these events could materially and adversely affect the price of the shares of each of the QQQ Shares and, therefore, the value of the securities. Additionally, if market volatility or these events were to occur on any of the determination dates, the calculation agent would maintain discretion to determine whether such market volatility or events have caused a market disruption event to occur, and such determination may affect the payment on the securities. If the calculation agent determines that no market disruption event has taken place, the payment at maturity would be based on the published closing price per share of the QQQ Shares on the applicable determination date, even if the QQQ Shares' shares are underperforming the share underlying index or the component securities of the share underlying index and/or trading below the net asset value per share of the QQQ Shares.

**The antidilution adjustments the calculation agent is required to make do not cover every event that could affect the QQQ Shares.** MS & Co., as calculation agent, will adjust the adjustment factors for certain events § affecting the QQQ Shares. However, the calculation agent will not make an adjustment for every event that can affect the QQQ Shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the market price of the securities may be materially and adversely affected.

§ **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., may be 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 underlyings, 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

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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 securities 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 will be influenced by many unpredictable factors” above.

**Hedging and trading activity by our affiliates could potentially 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 any underlying or the share underlying index), including taking positions in stocks constituting the SPX Index, the RTY Index or the QQQ Shares or taking positions in the QQQ Shares, futures and/or options contracts on the SPX Index, the RTY Index, the QQQ Shares, the share underlying index or their component stocks listed on major securities markets. 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 final determination date approaches. Some of our affiliates also trade the stocks that constitute the underlyings and other financial instruments related to the underlyings 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 level of an underlying, and, therefore, could increase (i) the value at or above which such underlying must close on the determination dates so that the securities are redeemed prior to maturity for the early redemption payment (depending also on the performance of the other underlyings) and (ii) the downside threshold level for such underlying, which is the value at or above which such underlying must close on the final determination date so that you are not exposed to the negative performance of the worst performing underlying at maturity (depending also on the performance of the other underlyings). Additionally, such hedging or trading activities during the term of the securities could potentially affect the value of any underlying on the determination dates, and, accordingly, whether we redeem the securities prior to maturity and the amount of cash you will receive at maturity, if any.

**§ 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 levels, the downside threshold levels, the final levels, whether the securities will be redeemed on any early redemption date and the payment at maturity, if any. 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, whether to make any adjustments to an adjustment factor and the selection of a successor index or calculation of the index closing value of the SPX Index or the RTY Index or the closing price of the QQQ Shares, as applicable, in the event of a market disruption event or discontinuance of an underlying. These potentially subjective determinations may affect the payout to you upon an early redemption or at



maturity, if any. For further information regarding these types of determinations, see “Description of Auto-Callable Securities—Postponement of Determination Dates,” “—Alternate Exchange Calculation in Case of an Event of Default,” “—Discontinuance of Any Underlying; Alternation of Method of Calculation” 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.

**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 auto-callable 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 for the securities, 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 auto-callable securities, the withholding rules commonly referred

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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 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<sup>®</sup> Index Overview

The S&P 500<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> Index, see the information set forth under “S&P 500<sup>®</sup> Index” in the accompanying index supplement.

Information as of market close on September 4, 2018:

<b>Bloomberg Ticker Symbol:</b>	SPX	<b>52 Week High (on 8/29/2018):</b>	2,914.04
<b>Current Index Value:</b>	2,897.52	<b>52 Week Low (on 9/5/2017):</b>	2,457.85
<b>52 Weeks Ago:</b>	2,457.85		

The following graph sets forth the daily index closing values of the SPX Index for the period from January 1, 2013 through September 4, 2018. The related table sets forth the published high and low index closing values, as well as the end-of-quarter index closing values, of the SPX Index for each quarter in the same period. The index closing value of the SPX Index on September 4, 2018 was 2,897.52. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical index closing values of the SPX Index should not be taken as an indication of future performance, and no assurance can be given as to the value of the SPX Index at any time, including on the determination dates.

**SPX Index Daily Index Closing Values  
January 1, 2013 to September 4, 2018**

Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1****Principal at Risk Securities**

<b>S&amp;P 500® Index</b>	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2013</b>			
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
<b>2014</b>			
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
<b>2015</b>			
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
<b>2016</b>			
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
<b>2017</b>			
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
<b>2018</b>			
First Quarter	2,872.87	2,581.00	2,640.87
Second Quarter	2,786.85	2,581.88	2,718.37

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Third Quarter(through September 4, 2018) 2,914.04 2,713.22 2,897.52

“Standard & Poor<sup>®</sup>,” “S&P,” “S&P 500,” “Standard & Poor’s 500” and “500” are trademarks of Standard and Poor’s Financial Services LLC. See “S&P 500<sup>®</sup> Index” in the accompanying index supplement.

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Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

Russell 2000® Index Overview

The Russell 2000® Index is an index calculated, published and disseminated by FTSE Russell, and measures the composite price performance of stocks of 2,000 companies incorporated in the U.S. and its territories. All 2,000 stocks are traded on a major U.S. exchange and are the 2,000 smallest securities that form the Russell 3000® Index. The Russell 3000® Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the U.S. equity market. The Russell 2000® Index consists of the smallest 2,000 companies included in the Russell 3000® Index and represents a small portion of the total market capitalization of the Russell 3000® Index. The Russell 2000® Index is designed to track the performance of the small capitalization segment of the U.S. equity market. For additional information about the Russell 2000® Index, see the information set forth under “Russell 2000® Index” in the accompanying index supplement.

Information as of market close on September 4, 2018:

**Ticker Symbol:** RTY      **52 Week High (on 8/31/2018):** 1,740.753  
**Current Index Value:** 1,728.422      **52 Week Low (on 9/7/2017):** 1,398.674  
**52 Weeks Ago:** 1,399.655

The following graph sets forth the daily index closing values of the RTY Index for the period from January 1, 2013 through September 4, 2018. The related table sets forth the published high and low index closing values, as well as the end-of-quarter index closing values, of the SPX Index for each quarter in the same period. The index closing value of the RTY Index on September 4, 2018 was 1,728.422. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical index closing values of the RTY Index should not be taken as an indication of future performance, and no assurance can be given as to the value of the RTY Index at any time, including on the determination dates.

**RTY Daily Index Closing Values**

**January 1, 2013 to September 4, 2018**



Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

<b>Russell 2000® Index</b>	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2013</b>			
First Quarter	953.07	872.60	951.54
Second Quarter	999.99	901.51	977.48
Third Quarter	1,078.41	989.47	1,073.79
Fourth Quarter	1,163.64	1,043.46	1,163.64
<b>2014</b>			
First Quarter	1,208.651	1,093.594	1,173.038
Second Quarter	1,192.960	1,095.986	1,192.960
Third Quarter	1,208.150	1,101.676	1,101.676
Fourth Quarter	1,219.109	1,049.303	1,204.696
<b>2015</b>			
First Quarter	1,266.373	1,154.709	1,252.772
Second Quarter	1,295.799	1,215.417	1,253.947
Third Quarter	1,273.328	1,083.907	1,100.688
Fourth Quarter	1,204.159	1,097.552	1,135.889
<b>2016</b>			
First Quarter	1,114.028	953.715	1,114.028
Second Quarter	1,188.954	1,089.646	1,151.923
Third Quarter	1,263.438	1,139.453	1,251.646
Fourth Quarter	1,388.073	1,156.885	1,357.130
<b>2017</b>			
First Quarter	1,413.635	1,345.598	1,385.920
Second Quarter	1,425.985	1,345.244	1,415.359
Third Quarter	1,490.861	1,356.905	1,490.861
Fourth Quarter	1,548.926	1,464.095	1,535.511
<b>2018</b>			
First Quarter	1,610.706	1,463.793	1,529.427
Second Quarter	1,706.985	1,492.531	1,643.069



Third Quarter(through September 4, 2018) 1,740.753 1,653.132 1,728.422

The “Russell 2000® Index” is a trademark of FTSE Russell. For more information, see “Russell 2000 Index” in the accompanying index supplement.

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Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

Invesco QQQ Trust<sup>SM</sup>, Series 1, Overview

The Invesco QQQ Trust<sup>SM</sup>, Series 1, is an exchange-traded fund managed by Invesco Capital Management LLC, which seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the NASDAQ-100 Index®. Effective June 4, 2018, the name of the fund was changed from PowerShares QQQ Trust<sup>SM</sup>, Series 1, to its current name, and effective on or about June 4, 2018, the name of the sponsor of the Invesco QQQ Trust<sup>SM</sup>, Series 1, was changed to Invesco Capital Management LLC. Information provided to or filed with the Securities and Exchange Commission (the “Commission”) by the Invesco QQQ Trust<sup>SM</sup> pursuant to the Securities Act of 1933 and the Investment Company Act of 1940 can be located by reference to Commission file numbers 333-61001 and 811-08947, respectively, through the Commission’s website at [www.sec.gov](http://www.sec.gov). In addition, information may be obtained from other publicly available sources. **Neither the issuer nor the agent makes any representation that any such publicly available information regarding the Invesco QQQ Trust<sup>SM</sup>, Series 1, is accurate or complete.**

Information as of market close on September 4, 2018:

**Ticker Symbol:** QQQ UP **52 Week High (on 8/29/2018):** \$186.74  
**Current Share Price:** \$185.85 **52 Week Low (on 9/25/2018):** \$142.80  
**52 Weeks Ago:** \$144.69

The following graph sets forth the daily closing prices of the QQQ Shares for the period from January 1, 2013 through September 4, 2018. The related table sets forth the published high and low closing prices, as well as the end-of-quarter closing prices, of the QQQ Shares for each quarter in the same period. The closing price of the QQQ Shares on September 4, 2018 was \$185.85. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical closing prices of the QQQ Shares should not be taken as an indication of future performance, and no assurance can be given as to the value of the QQQ Shares at any time, including on the determination dates.

**QQQ Shares Daily Closing Prices**

**January 1, 2013 to September 4, 2018**

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Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature due June 10, 2022, With 6-month Initial Non-Call Period

**All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Russell 2000® Index and the Invesco QQQ Trust<sup>SM</sup>, Series 1**

**Principal at Risk Securities**

<b>Invesco QQQ Trust<sup>SM</sup>, Series 1 (CUSIP 46090E103)</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Period End (\$)</b>
<b>2013</b>			
First Quarter	68.97	66.31	68.97
Second Quarter	74.30	67.14	71.21
Third Quarter	79.50	71.73	78.85
Fourth Quarter	87.96	76.96	87.96
<b>2014</b>			
First Quarter	91.06	84.29	87.68
Second Quarter	93.91	84.11	93.91
Third Quarter	100.28	94.22	98.79
Fourth Quarter	106.01	91.79	103.25
<b>2015</b>			
First Quarter	109.38	99.65	105.60
Second Quarter	110.96	105.05	107.07
Third Quarter	113.98	98.09	101.76
Fourth Quarter	115.16	102.22	111.86
<b>2016</b>			
First Quarter	109.50	96.32	109.20
Second Quarter	111.23	102.22	107.54
Third Quarter	119.09	107.42	118.72
Fourth Quarter	120.82	113.65	118.48
<b>2017</b>			
First Quarter	132.47	119.54	132.38
Second Quarter	143.57	130.40	137.64
Third Quarter	146.42	136.19	145.45
Fourth Quarter	158.64	145.58	155.76
<b>2018</b>			
First Quarter	174.08	153.45	160.13

Second Quarter	177.60	155.51	171.65
Third Quarter(through September 4, 2018)	186.74	170.80	185.85

**This document relates only to the securities offered hereby and does not relate to the QQQ Shares. We have derived all disclosures contained in this document regarding the Invesco QQQ Trust<sup>SM</sup>, Series 1, from the publicly available documents described above. In connection with the offering of the securities, neither we nor the agent has participated in the preparation of such documents or made any due diligence inquiry with respect to the Invesco QQQ Trust<sup>SM</sup>, Series 1. Neither we nor the agent makes any representation that such publicly available documents or any other publicly available information regarding the Invesco QQQ Trust<sup>SM</sup>, Series 1, is accurate or complete. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described above) that would affect the trading price of the QQQ Shares (and therefore the price of the QQQ Shares at the time we price the securities) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Invesco QQQ Trust<sup>SM</sup>, Series 1, could affect the value received with respect to the securities and therefore the value of the securities.**

**Neither we nor any of our affiliates makes any representation to you as to the performance of the QQQ Shares.**

We and/or our affiliates may presently or from time to time engage in business with the Invesco QQQ Trust<sup>SM</sup>, Series 1. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the Invesco QQQ Trust<sup>SM</sup>, Series 1, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the QQQ Shares. The statements in the pre