MORGAN STANLEY
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Dated August 22, 2018

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Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Worst of Fixed Coupon Auto-Callable RevCons$^{SM}$ due March 2, 2020

**Payments on the RevCons Based on the Worst Performing of the Common Stock of Gilead Sciences, Inc., the Common Stock of Splunk Inc. and the Ordinary Shares of UBS Group AG**

**Fully and Unconditionally Guaranteed by Morgan Stanley**

**Principal at Risk Securities**

The Worst of Fixed Coupon Auto-Callable RevCons$^{SM}$ due March 2, 2020 Payments on the RevCons Based on the Worst Performing of the Common Stock of Gilead Sciences, Inc., the Common Stock of Splunk Inc. and the Ordinary Shares of UBS Group AG, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The securities do not guarantee the repayment of any principal. Instead, the securities offer the opportunity for investors to earn a fixed quarterly coupon at an annual rate of 10.50% to 12.50%. The actual quarterly coupon rate will be determined on the pricing date. In addition, if the determination closing price of **each of** the common stock of Gilead Sciences, Inc., the common stock of Splunk Inc. and the ordinary shares of UBS Group AG is greater than or equal to its respective then-applicable redemption threshold level on any quarterly determination date (beginning after six months), the securities will be automatically redeemed for an amount per security equal to the stated principal amount and the related quarterly coupon. However, if the securities are not automatically redeemed prior to maturity, the payment at maturity due on the securities will be, in addition to the final quarterly coupon, either (i) if the final share price of **each underlying stock** is **greater than or equal to** its respective downside threshold level, the stated principal amount, or (ii) if the final share price of **any underlying stock** is **less than** its respective downside threshold level, investors will be exposed to the decline in the worst performing underlying stock on a 1-to-1 basis and will receive a payment at maturity that reflects the full depreciation in the price of the worst performing underlying stock and that is significantly less than the principal amount of the securities and could be zero. As a result, investors must be willing to accept the risk of receiving a payment at maturity that is significantly less than the stated principal amount of the securities and could be zero. **Accordingly, investors could lose their entire initial investment in the securities.** The securities are for investors who are willing to risk their principal based on the worst performing of three underlying stocks in exchange for the opportunity to earn interest at a potentially above-market rate. Investors will not participate in the appreciation of any of the underlying stocks. Because the payment at maturity on the securities is based on the worst performing underlying stock, a decline beyond the respective downside threshold level of **any underlying stock** will result in a significant loss of your investment even if one or both of the other underlying stocks have appreciated or have not declined as much. Investors will therefore be exposed to the risks related to **each underlying stock**. The securities are issued as part of MSFL's Series A Global Medium-Term Notes program.

**All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These securities are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.**

| **SUMMARY TERMS** | |
|---|---|
| **Issuer:** | Morgan Stanley Finance LLC |
| **Guarantor:** | Morgan Stanley |
| **Underlying stocks:** | Gilead Sciences, Inc. common stock (the "GILD Stock"), Splunk Inc. common stock (the "SPLK Stock") and UBS Group AG ordinary shares (the "UBSG Stock") |
| **Aggregate principal amount:** | $ |
| **Stated principal amount:** | $1,000 per security |
| **Issue price:** | $1,000 per security |
| **Pricing date:** | August 23, 2018 |
| **Original issue date:** | August 29, 2018 (4 business days after the pricing date) |
| **Maturity date:** | March 2, 2020 |
| **Early redemption:** | The securities are not subject to automatic early redemption until February 25, 2019. Following this initial 6-month non-call period, if, on any determination date other than the final determination date, the determination closing price of **each underlying stock** is **greater than or equal to** its respective then-applicable redemption threshold level, the securities will be automatically redeemed for an early redemption payment on the related early redemption date; *provided* that if, due to a market disruption event or otherwise, such determination date is postponed, the early redemption payment shall be made on the fifth business day following such determination date as postponed. No further payments will be made on the securities once they have been redeemed.<br><br>**The securities will not be redeemed early if the determination closing price of any underlying stock is less than the respective then-applicable redemption threshold level for such underlying stock on the related determination date.** |
| **Early redemption payment:** | The early redemption payment will be an amount equal to (i) the stated principal amount *plus* (ii) the quarterly coupon for the related quarterly interest period. |
| **Early redemption dates:** | March 4, 2019, May 31, 2019, August 30, 2019 and December 3, 2019; *provided* that if any such day is not a business day, the related payment will be made on the next succeeding business day and no adjustment will be made to any payment made on that succeeding business day. |
| **Determination closing price:** | With respect to each underlying stock, the closing price of such underlying stock on any determination date other than the final determination date *times* the adjustment factor for such underlying stock on such determination date |
| **Quarterly coupon:** | Unless the securities have been previously redeemed, a quarterly coupon at an annual rate of 10.50% to 12.50% (corresponding to approximately $26.25 to $31.25 per quarter per security) is paid on each coupon payment date. The actual quarterly coupon rate will be determined on the pricing date. |
| **Coupon payment dates:** | November 30, 2018, March 4, 2019, May 31, 2019, August 30, 2019, December 3, 2019 and the maturity date; *provided* that if any such day is not a business day, that coupon payment will be made |

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| | on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day. | |
| **Payment at maturity:** | · If the final share price of **each underlying stock** is **greater than or equal to** its respective downside threshold level: | (i) the stated principal amount *plus* (ii) the quarterly coupon for the final quarterly interest period |
| | · If the final share price of **any underlying stock** is **less than** its respective downside threshold level: | (i) the quarterly coupon for the final interest period *plus* (ii) the *product of* (a) the stated principal amount and (b) the share performance factor of the worst performing underlying stock. *Under these circumstances, investors will lose a significant portion, and may lose all, of their principal.* |

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| **Share performance factor:** | With respect to each underlying stock, the final share price *divided by* the initial share price |
| **Adjustment factor:** | With respect to each underlying stock, 1.0, subject to adjustment in the event of certain corporate events affecting such underlying stock |
| | ***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 $951.60 per security, or within $10.00 of that estimate. See "Investment Summary" on page 3. |

| **Commissions and issue price:** | Price to public | Agent's commissions[1] | Proceeds to us[2] |
|---|---|---|---|
| **Per security** | $1,000 | $20 | $980 |
| **Total** | $ | $ | $ |

*(1)* *Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $20 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 26.*

**The securities involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 8.**

**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 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 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.**

**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** **Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

Worst of Fixed Coupon Auto-Callable RevCons[SM] due March 2, 2020

Payments on the RevCons Based on the Worst Performing of the Common Stock of Gilead Sciences, Inc., the Common Stock of Splunk Inc. and the Ordinary Shares of UBS Group AG

Principal at Risk Securities

***Terms continued from previous page:***

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|---|---|---|
| **Determination dates and redemption threshold levels:** | **GILD Stock Determination dates:** | **Applicable redemption threshold level** |
| | February 25, 2019 | $ , which is 95% of its initial share price |
| | May 23, 2019 | $ , which is 90% of its initial share price |
| | August 23, 2019 | $ , which is 85% of its initial share price |
| | November 25, 2019 | $ , which is 80% of its initial share price |
| | **SPLK Stock Determination dates:** | **Applicable redemption threshold level** |
| | February 25, 2019 | $ , which is 95% of its initial share price |
| | May 23, 2019 | $ , which is 90% of its initial share price |
| | August 23, 2019 | $ , which is 85% of its initial share price |
| | November 25, 2019 | $ , which is 80% of its initial share price |
| | **UBSG Stock Determination dates:** | **Applicable redemption threshold level** |
| | February 25, 2019 | CHF , which is 95% of its initial share price |
| | May 23, 2019 | CHF , which is 90% of its initial share price |
| | August 23, 2019 | CHF , which is 85% of its initial share price |
| | November 25, 2019 | CHF , which is 80% of its initial share price |
| | *The determination dates are subject to postponement for non-trading days and certain market disruption events. | |
| **Final determination date:** | February 24, 2020, subject to postponement for non-trading days and certain market disruption events. | |

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| **Downside threshold level:** | With respect to the GILD Stock, $ , which is equal to 70% of its initial share price<br><br>With respect to the SPLK Stock, $ , which is equal to 70% of its initial share price<br><br>With respect to the UBSG Stock, CHF , which is equal to 70% of its initial share price |
| **Initial share price:** | With respect to the GILD Stock, $ , which is its closing price on the pricing date<br><br>With respect to the SPLK Stock, $ , which is its closing price on the pricing date<br><br>With respect to the UBSG Stock, CHF , which is its closing price on pricing date |
| **Final share price:** | With respect to each underlying stock, the closing price of such underlying stock on the final determination date *times* the adjustment factor for such underlying stock on such date |
| **Worst performing underlying stock:** | The underlying stock with the largest percentage decrease from the respective initial share price to the respective final share price |
| **CUSIP / ISIN:** | 61768DCT0 / US61768DCT00 |
| **Listing:** | The securities will not be listed on any securities exchange. |

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Principal at Risk Securities

Investment Summary

**Worst of Fixed Coupon Auto-Callable RevCons**

**Principal at Risk Securities**

The Worst of Fixed Coupon Auto-Callable RevCons[SM] due March 2, 2020 Payments on the RevCons Based on the Worst Performing of the Common Stock of Gilead Sciences, Inc., the Common Stock of Splunk Inc. and the Ordinary Shares of UBS Group AG, which we refer to as the securities, provide an opportunity for investors to earn a fixed quarterly coupon at an annual rate of 10.50% to 12.50%. The actual quarterly coupon rate will be determined on the pricing date. In addition, if the determination closing price of **each of** the common stock of Gilead Sciences, Inc., the common stock of Splunk Inc. and the ordinary shares of UBS Group AG is greater than or equal to its respective then-applicable redemption threshold level on any quarterly determination date (beginning after six months), the securities will be automatically redeemed for an amount per security equal to the stated principal amount and the related quarterly coupon. However, if the securities are not automatically redeemed prior to maturity, the payment at maturity due on the securities will be, in addition to the final quarterly coupon, either (i) if the final share price of **each underlying stock** is **greater than or equal to** its respective downside threshold level, the stated principal amount, or (ii) if the final share price of **any underlying stock** is **less than** its respective downside threshold level, investors will be exposed to the decline in the worst performing underlying stock on a 1-to-1 basis and will receive a payment at maturity that reflects the full depreciation in the price of the worst performing underlying stock and that is significantly less than the stated principal amount of the securities and could be zero. **Accordingly, investors could lose their entire initial investment in the securities.** In addition, investors will not participate in the appreciation of any of the underlying stocks.

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 $951.60, or within $10.00 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

*What goes into the estimated value on the pricing date?*

In valuing the securities on the pricing date, we take into account that the securities comprise both a debt component and a performance-based component linked to the underlying stocks. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying stocks, instruments based on the underlying stocks, 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 quarterly coupon rate, the redemption threshold levels 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.

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

The price at which MS & Co. purchases the securities in the secondary market, absent changes in market conditions, including those related to the underlying stocks, 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 underlying stocks, 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 offer investors an opportunity to earn a fixed quarterly coupon at an annual rate of 10.50% to 12.50%. The actual quarterly coupon rate will be determined on the pricing date. The securities may be redeemed prior to maturity for the stated principal amount per security *plus* the applicable quarterly coupon, and the payment at maturity will vary depending on the final share price of each underlying stock, as follows:

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| **Scenario 1** | On any determination date (beginning after six months) other than the final determination date, the determination closing price of *each underlying stock* is *greater than or equal to* its respective then-applicable redemption threshold level.<br>§ The securities will be automatically redeemed for (i) the stated principal amount *plus* (ii) the quarterly coupon for the related quarterly interest period. No further payments will be made on the securities once they have been redeemed.<br>§ Investors will not participate in any appreciation of any underlying stock. |
| **Scenario 2** | The securities are not automatically redeemed prior to maturity, and the final share price of *each underlying stock* is *greater than or equal to* its respective downside threshold level.<br>§ The payment due at maturity will be (i) the stated principal amount *plus* (ii) the quarterly coupon for the final quarterly interest period.<br>§ Investors will not participate in any appreciation of any underlying stock. |
| **Scenario 3** | The securities are not automatically redeemed prior to maturity, and the final share price of *any underlying stock* is *less than* its respective downside threshold level.<br>§ The payment due at maturity will be(i) the quarterly coupon for the final interest period plus (ii) *the product of* (a) the stated principal amount and (b) the share performance factor of the worst performing underlying stock.<br>§ **Investors will lose a significant portion, and may lose all, of their principal in this scenario.** |

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Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples illustrate how to determine whether the securities are redeemed early and the payment at maturity. The following examples are for illustrative purposes only. Whether the securities are redeemed early will be determined by reference to the determination closing price of each underlying stock on each quarterly determination date (beginning after six months) other than the final determination date, and the payment at maturity will be determined by reference to the final share price of each underlying stock on the final determination date. The actual initial share price, applicable redemption threshold levels and downside threshold level for each underlying stock will be determined on the pricing date. All payments on the securities are subject to our credit risk. The below examples are based on the following terms:

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| Hypothetical Quarterly Coupon: | 11.50% per annum (corresponding to $28.75 per quarter per security, the midpoint of the range set forth on the cover of this document)[1]. The actual quarterly coupon rate will be determined on the pricing date. |
| Payment at Maturity: | · If the final share price of **each underlying stock** is **greater than or equal to** its respective downside threshold level: (i) the stated principal amount *plus* (ii) the quarterly coupon for the final quarterly interest period.<br><br>· If the final share price of **any underlying stock** is **less than** its respective downside threshold level: (i) the quarterly coupon for the final interest period *plus* (ii) the product of (a) the stated principal amount and (b) the share performance factor of the worst performing underlying stock. **Under these circumstances, the payment at maturity will be significantly less than the stated principal amount of the securities and could be zero** |
| Stated Principal Amount: | $1,000 per security |
| Hypothetical Initial Share Price: | With respect to the GILD Stock: $75.00<br><br>With respect to the SPLK Stock: $100.00<br><br>With respect to the UBSG Stock: CHF 15.00 |
| Hypothetical Redemption Threshold Levels: | **GILD Stock** |

| | |
|---|---|
| Determination Date 1 | $71.25, which is 95% of its initial share price |
| Determination Date 2 | $67.50, which is 90% of its initial share price |
| Determination Date 3 | $63.75, which is 85% of its initial share price |
| Determination Date 4 | $60.00, which is 80% of its initial share price |

**SPLK Stock**

| | |
|---|---|
| Determination Date 1 | $95.00, which is 95% of its initial share price |

| | |
|---|---|
| Determination Date 2 | $90.00, which is 90% of its initial share price |
| Determination Date 3 | $85.00, which is 85% of its initial share price |
| Determination Date 4 | $80.00, which is 80% of its initial share price |

**UBSG Stock**

| | |
|---|---|
| Determination Date 1 | CHF 14.25, which is 95% of its initial share price |
| Determination Date 2 | CHF 13.50, which is 90% of its initial share price |
| Determination Date 3 | CHF 12.75, which is 85% of its initial share price |
| Determination Date 4 | CHF 12.00, which is 80% of its initial share price |

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| Hypothetical Downside Threshold Level: | With respect to the GILD Stock: $52.50, which is 70% of its hypothetical initial share price<br><br>With respect to the SPLK Stock: $70.00, which is 70% of its hypothetical initial share price<br><br>With respect to the UBSG Stock: CHF 10.50, which is 70% of its hypothetical initial share price |
| Hypothetical Adjustment Factor: | With respect to each underlying stock, 1.0 |

[1] *The actual quarterly coupon will be an amount determined by the calculation agent based on the actual quarterly coupon rate and the number of days in the applicable payment period, calculated on a 30/360 day count basis. The hypothetical quarterly coupon of $28.75 is used in these examples for ease of analysis.*

How to determine whether the securities are redeemed early:

| | Determination Closing Price | | | Early Redemption Amount* |
|---|---|---|---|---|
| | GILD Stock | SPLK Stock | UBSG Stock | |
| Hypothetical Determination Date 1 | $80.00 (**at or above** its then-applicable redemption threshold level) | $97.00 (**at or above** its then-applicable redemption threshold level) | CHF 13.00 (**below** its then-applicable redemption threshold level) | N/A |

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Principal at Risk Securities

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|---|---|---|---|---|
| Hypothetical Determination Date 2 | $75.00 (**at or above** its then-applicable redemption threshold level) | $93.00 (**at or above** its then-applicable redemption threshold level) | CHF 15.00 (**at or above** its then-applicable redemption threshold level) | $1,028.75 (the stated principal amount *plus* the quarterly coupon for the related quarterly interest period) |

** The Early Redemption Amount includes the unpaid quarterly coupon for the related quarterly interest period.*

If, on any determination date (beginning after six months) other than the final determination date, the determination closing price of **each underlying stock** is **greater than or equal to** its respective then-applicable redemption threshold level, the securities will be automatically redeemed for an early redemption payment on the related early redemption date.

On hypothetical determination date 1, two underlying stocks close at or above their respective then-applicable redemption threshold levels but the other underlying stock closes below its respective then-applicable redemption threshold level. Therefore, the securities are not redeemed early on such determination date.

On hypothetical determination date 2, each underlying stock closes at or above its respective then-applicable redemption threshold level. Accordingly, the securities are automatically redeemed following such determination date. You receive the early redemption payment, calculated as follows:

stated principal amount + quarterly coupon = $1,000 + $28.75 = $1,028.75

No further payments will be made on the securities once they have been redeemed. Additionally, investors will not participate in any appreciation of the underlying stock.

**The securities will not be redeemed early if the determination closing price of any underlying stock is less than the then-applicable redemption threshold level for such underlying stock on the related determination date.**

How to determine the payment at maturity:

In the following examples, the determination closing price of one or more underlying stocks is less than its respective then-applicable redemption threshold level on each determination date prior to the final determination date, and, consequently, the securities are not automatically redeemed prior to, and remain outstanding until, maturity.

| | Final Share Price | | | Payment at Maturity |
|---|---|---|---|---|
| | GILD Stock | SPLK Stock | UBSG Stock | (in addition to the quarterly coupon of $28.75 with respect to the final quarterly interest period) |
| Example 1: | $85 (**at or above** its downside threshold level) | $120 (**at or above** its downside threshold level) | CHF 15.50 (**at or above** its downside threshold level) | $1,000 (the stated principal amount) |
| Example 2: | $37.50 (**below** its downside threshold level) | $82 (**at or above** its downside threshold level) | CHF 16 (**at or above** its downside threshold level) | $1,000 x share performance factor of the worst performing underlying stock= $1,000 x ($37.50 / $75) = $500.00 |
| Example 3: | $80 (**at or above** its downside threshold level) | $65 (**below** its downside threshold level) | CHF 7.50 (**below** its downside threshold level) | $1,000 x share performance factor of the worst performing underlying stock= $1,000 x ($7.50 / $15) = $500.00 |
| Example 4: | $37.50 (**below** its downside threshold level) | $68 (**below** its downside threshold level) | CHF 17 (**at or above** its downside threshold level) | $1,000 x share performance factor of the worst performing underlying stock= $1,000 x ($37.50 / $75) = |

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Principal at Risk Securities

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| Example 5: | $30 (**below** its downside threshold level) | $60 (**below** its downside threshold level) | CHF 7.50 (**below** its downside threshold level) | $500.00<br>$1,000 x share performance factor of the worst performing underlying stock=<br><br>$1,000 x ($30 / $75) = $400.00 |

In example 1, the final share prices of the GILD Stock, the SPLK Stock and the UBSG Stock are all at or above their respective downside threshold levels. Therefore, investors receive the stated principal amount of the securities at maturity. Investors do not participate in the appreciation of any underlying stock.

In example 2, the final share prices of the SPLK Stock and the UBSG Stock are above their respective downside threshold levels, but the final share price of the GILD Stock is below its downside threshold level. Therefore, even though the SPLK Stock and the UBSG Stock have appreciated in their values, investors are exposed to the downside performance of the GILD Stock, which is the worst performing underlying stock in this example, and receive a payment at maturity that is significantly less than the stated principal amount.

In examples 3 and 4, the final share price of one underlying stock is at or above its downside threshold level, but the final share prices of the other underlying stocks are below their respective downside threshold levels. Therefore, investors are exposed to the downside performance of the worst performing underlying stock at maturity.

In example 3, the SPLK Stock has declined 35% from its initial share price to its final share price, while the UBSG Stock has declined 50% from its initial share price to its final share price. Therefore, investors are exposed to the downside performance of the UBSG Stock, which is the worst performing underlying stock in this example, and receive a payment at maturity that is signficantly less than the stated principal amount.

In example 4, the GILD Stock has declined 50% from its initial share price to its final share price, while the SPLK Stock has declined 32% from its initial share price to its final share price. Therefore, investors are exposed to the downside performance of the GILD Stock, which is the worst performing underlying stock in this example, and receive a payment at maturity that is significantly less than the stated principal amount.

In example 5, the final share prices of the GILD Stock, the SPLK Stock and the UBSG Stock are all below their respective downside threshold levels. In this example, the SPLK Stock has declined 40% from its initial share price to its final share price and the UBSG Stock has declined 50% from its initial share price to its final share price, while the GILD Stock has declined 60% from its initial share price. Therefore, investors are exposed to the downside performance of the GILD Stock, which is the worst performing underlying stock in this example, and receive a payment at maturity that is significantly less than the stated principal amount.

**If the final share price of any underlying stock is below its respective downside threshold level, you will be exposed to the downside performance of the worst performing underlying stock at maturity. Under these circumstances, the payment at maturity will be significantly less than the principal amount of the securities and that could be zero.**

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Principal at Risk Securities

Risk Factors

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

§ **The securities do not guarantee the return of any principal.** The terms of the securities differ from those of ordinary debt securities in that the securities do not guarantee the return of any of the principal amount at maturity. Instead, if the securities have not been automatically redeemed prior to maturity and if the final share price of **any underlying stock** is **less than** its respective downside threshold level, you will be exposed to the decline in the closing price of the worst performing underlying stock, as compared to the initial share price, on a 1-to-1 basis and you will receive a payment at maturity that is less than 70% of the stated principal amount and could be zero.

§ **You are exposed to the price risk of each underlying stock.** Your return on the securities is not linked to a basket consisting of the three underlying stocks. Rather, it will be contingent upon the independent performance of each underlying stock. 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 stock. Poor performance by **any underlying stock** over the term of the securities may negatively affect your return and will not be offset or mitigated by any positive performance by the other underlying stocks. If the securities are not automatically redeemed prior to maturity and **any underlying stock** 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 stock over the term of the securities on a 1-to-1 basis, even if the other underlying stocks have appreciated or have not declined as much. Under this scenario, the value of the 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 stock.

§ **Investors will not participate in any appreciation in the price of any underlying stock.** Investors will not participate in any appreciation in the price of any underlying stock from its respective initial share price, and the return on the securities will be limited to the quarterly coupon that is paid for each quarterly interest period.

§ **The automatic early redemption feature may limit the term of your investment to approximately six months.** If the securities are redeemed early, you may not be able to reinvest at comparable terms or returns. The term of your investment in the securities may be limited to as short as approximately six months by the automatic early redemption feature of the securities. The securities will be redeemed when the determination closing price of **each** underlying stock is **greater than equal to its respective then-applicable redemption threshold level** on any quarterly determination date (beginning after six months). If the securities are redeemed prior to maturity, you will receive no more quarterly coupons and may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns.

§ **The market price will be influenced by many unpredictable factors.** Several factors 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. Although we expect that generally the closing prices of the underlying stocks on any day, including in relation to the respective downside threshold levels, will affect the value of the securities more than any other single factor, other factors that may influence the value of the securities include:

o the trading price and volatility (frequency and magnitude of changes in value) of the underlying stocks,

o dividend rates on the underlying stocks,

o interest and yield rates in the market,

o time remaining until the securities mature,

o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying stocks and which may affect the final share prices of the underlying stocks,

Morgan Stanley Finance LLC

Worst of Fixed Coupon Auto-Callable RevCons℠ due March 2, 2020

Payments on the RevCons Based on the Worst Performing of the Common Stock of Gilead Sciences, Inc., the Common Stock of Splunk Inc. and the Ordinary Shares of UBS Group AG

Principal at Risk Securities

- the occurrence of certain events affecting the underlying stock that may or may not require an adjustment to the adjustment factor, and

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

The prices of the underlying stocks may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See "Gilead Sciences, Inc. Overview," "Splunk Inc. Overview" and "UBS Group AG Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to maturity.

§ **There are risks associated with investments in securities linked to the value of equity securities issued by foreign companies.** The UBSG Stock is issued by a foreign company. Investments in securities linked to the value of any equity securities issued by a foreign company involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued by foreign companies may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws.

§ **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 on each coupon payment date, upon automatic 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.

§ **Investing in the securities is not equivalent to investing in the underlying stocks.** Investors in the securities will not participate in any appreciation in the underlying stocks, and will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the underlying stocks.

§ **No affiliation with the underlying stock issuers.** The underlying stock issuers are not affiliates of ours, are not involved with this offering in any way, and have no obligation to consider your interests in taking any corporate actions that might affect the value of the securities. We have not made any due diligence inquiry with respect to the underlying stock issuers in connection with this offering.

§ **We may engage in business with or involving the underlying stock issuers without regard to your interests.** We or our affiliates may presently or from time to time engage in business with the underlying stock issuers without regard to your interests and thus may acquire non-public information about the underlying issuers. Neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, we or our affiliates from time to time have published and in the future may publish research reports with respect to the underlying stock issuers, which may or may not recommend that investors buy or hold the underlying stocks.

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Principal at Risk Securities

§ **The antidilution adjustments the calculation agent is required to make do not cover every corporate event that could affect the underlying stock.** MS & Co., as calculation agent, will adjust the adjustment factors for certain corporate events affecting the underlying stocks, such as stock splits and stock dividends, and certain other corporate actions involving the issuers of the underlying stocks, such as mergers. However, the calculation agent will not make an adjustment for every corporate event that can affect the underlying stocks. For example, the calculation agent is not required to make any adjustments if the issuers of the underlying stocks or anyone else makes a partial tender or partial exchange offer for the underlying stocks, nor will adjustments be made following the final determination date. If an event occurs that does not require the calculation agent to adjust an adjustment factor, the market price of the securities may be materially and adversely affected.

§ **The securities will not be listed on any securities exchange and secondary trading may be limited.** The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. 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.

§ **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 seco