

MORGAN STANLEY  
Form FWP  
September 10, 2018

**September 2018**

Preliminary Terms No. 971

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

Dated September 7, 2018

Filed pursuant to Rule 433

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. and International Equities

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

Fully and Unconditionally Guaranteed by Morgan Stanley

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX<sup>®</sup> Select Dividend 30 Index**

The Equity-Linked Partial Principal at Risk Securities, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities will pay no interest, provide for a minimum payment amount of only 95% of principal at maturity and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented and modified by this document. At maturity, if the basket of three indices has appreciated in value, investors will receive the stated principal amount of \$1,000 plus a supplemental redemption amount, if any, based on the closing value of the basket on the determination date. However, if at maturity the basket has depreciated in value, investors will lose 1% for every 1% decline of the final basket closing value from the initial basket value, subject to the minimum payment amount. **Investors may lose up to 5% of the stated principal amount of the securities.** The securities are for investors who are concerned about principal risk, but seek a return based on a basket of equity indices, and who are willing to risk 5% of their principal and to forgo current income in exchange for the repayment of at least 95% of principal at maturity plus the potential to receive a supplemental redemption amount, if any. The securities are notes

issued as part of MSFL's Series A Global Medium-Term Notes program.

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

**SUMMARY TERMS**

**Issuer:** Morgan Stanley Finance LLC  
**Guarantor:** Morgan Stanley  
**Issue price:** \$1,000 per security (see "Commissions and issue price" below)  
**Stated principal amount:** \$1,000 per security  
**Aggregate principal amount:** \$  
**Pricing date:** September 24, 2018  
**Original issue date:** September 27, 2018 (3 business days after the pricing date)  
**Maturity date:** September 29, 2021  
**Interest:** None

<b>Basket:</b>	<b>Basket component*</b>	<b>Ticker symbol*</b>	<b>Basket component Initial index value Multiplier weighting</b>
	S&P 500 <sup>®</sup> Index (the "SPX Index")	SPX	33.3333%
	Russell 2000 <sup>®</sup> Index (the "RTYRTY Index")		33.3333%
	EURO STOXX <sup>®</sup> Select Dividend 30 Index (the "SD3E Index")	SD3E	33.3333%

\* Ticker symbols are being provided for reference purposes only. We refer to the SPX Index, the RTY Index and the SD3E Index, collectively, as the underlying indices.

**Payment at maturity:** The payment due at maturity per \$1,000 stated principal amount will equal:

- If the final basket closing value is greater than the initial basket value:

\$1,000 + supplemental redemption amount, if any.

- If the final basket closing value is *less than or equal to* the initial basket value:

\$1,000 x (final basket closing value / initial basket value), subject to the minimum payment amount

*Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000 per security by an amount that is proportionate to the percentage decline of the basket. However, under no circumstances will the payment due at maturity be less than the minimum payment amount of \$950 per security.*

**Supplemental redemption amount:** rate, *provided* that the supplemental redemption amount will not be less than \$0.  
**Minimum payment amount:** \$950 per security (95% of the stated principal amount)  
**Participation rate:** At least 100%. The actual participation rate will be determined on the pricing date.  
**Maximum payment at maturity:** None  
**Basket percent change:** (final basket closing value – initial basket value) / initial basket value  
**Listing:** The securities will not be listed on any securities exchange.

*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 \$973.40 per security, or within \$22.50 of that estimate. See “Investment Summary” on page 3.

<b>Commissions and issue price:</b>	<b>Price to public</b>	<b>Agent’s commissions and fees<sup>(1)</sup></b>	<b>Proceeds to us<sup>(2)</sup></b>
<b>Per security</b>	\$1,000	\$	\$
<b>Total</b>	\$	\$	\$

(1) *Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., 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 18.*

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

**The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, 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.**

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 Equity-Linked Partial Principal at Risk Securities dated November 16, 2017](#)**

**[Index Supplement dated November 16, 2017](#)      **[Prospectus dated November 16, 2017](#)****

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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*Terms continued from previous page:*

<b>Initial basket value:</b>	The initial basket value will equal 100, which is equal to the sum of the products of (i) the initial index value of each basket component, as set forth under “Basket—Initial index value” above, and (ii) the multiplier for such basket component, as set forth under “Basket—Multiplier” above, each as determined on the pricing date.
<b>Final basket closing value:</b>	The basket closing value on the determination date
<b>Determination date:</b>	September 24, 2021, subject to postponement for non-index business days and certain market disruption events
<b>Basket closing value:</b>	On any date, the sum of the products of (i) the closing value of each basket component on such date, and (ii) the multiplier for such basket component.
<b>Multiplier:</b>	The multiplier for each basket component will be set on the pricing date so that each basket component will represent its applicable basket component weighting in the predetermined initial basket value of 100. Each multiplier will remain constant for the term of the securities.
<b>CUSIP:</b>	61768DEJ0
<b>ISIN:</b>	US61768DEJ00

September 2018 Page 2

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

Investment Summary

**Equity-Linked Partial Principal at Risk Securities**

The Equity-Linked Partial Principal at Risk Securities due September 29, 2021 Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index (the “securities”) offer the potential for a supplemental redemption amount at maturity based on the closing value of a basket of three indices on the determination date while maintaining 1:1 downside exposure to any depreciation of the basket, subject to the minimum payment amount at maturity of \$950 per security.

At maturity, if the final basket closing value is **greater than** the initial basket value, the securities will pay the stated principal amount of \$1,000 plus a supplemental redemption amount. The supplemental redemption amount provides at least 100% (to be determined on the pricing date) upside participation (e.g., if the basket appreciates 10% from the initial basket value to the final basket closing value, the investor receives 100% of principal plus 10% at maturity) in the performance of the basket. If the final basket closing value is **equal to or less than** the initial basket value, the payment at maturity per security will be equal to or less than the \$1,000 principal amount by an amount proportionate to the decline in the basket as of the determination date, subject to the minimum payment amount of \$950 per security. The securities do not pay interest, and all payments on the securities, including the payment of the minimum payment amount at maturity, are subject to our credit risk.

Maturity:	Approximately 3 years
Minimum payment amount:	\$950 per security (95% of the stated principal amount). You could lose up to 5% of the stated principal amount of the securities.
Participation rate:	At least 100%. The actual participation rate will be determined on the pricing date.
Interest:	None

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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 \$973.40, or within \$22.50 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

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

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

*What determines the economic terms of the securities?*

In determining the economic terms of the securities, including the minimum payment amount and the participation rate, 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?*

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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

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

September 2018 Page 4



Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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Key Investment Rationale

The securities offer investors exposure to the performance of an equally weighted basket composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index, while providing for a minimum repayment of 95% of the stated principal amount if the securities are held to maturity, in exchange for forgoing current income and interest. They are for investors who are concerned about principal risk, but seek a return based on a basket of equity indices, and who are willing to risk 5% of their principal and to forgo current income in exchange for the repayment of at least 95% of principal at maturity plus the potential to receive a supplemental redemption amount, if any.

Minimum Payment

Amount of 95% of Principal at Maturity      The securities provide for the minimum payment amount of 95% of principal if held to maturity, subject to our creditworthiness.

Upside Scenario

The basket closing value on the determination date is greater than the initial basket value of 100, and, at maturity, the securities pay the stated principal amount of \$1,000 *plus* at least 100% of the positive percent change from the initial basket value to the final basket closing value. The actual participation rate will be determined on the pricing date. There is no limitation on the appreciation potential.

Downside Scenario

The final basket closing value is less than the initial basket value, and, at maturity, the securities redeem for less than the \$1,000 stated principal amount by an amount proportionate to the decline in the value of the basket, subject to the minimum payment amount of \$950 per security (95% of the stated principal amount).

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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How the Securities Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the securities, based on the following terms:

<b>Stated principal amount:</b>	\$1,000 per security
<b>Hypothetical participation rate:</b>	100%
<b>Minimum payment amount</b>	\$950 per security (95% of the stated principal amount)

**Payoff Diagram**

How it works

**Upside Scenario.** If the final basket closing value is **greater than** the initial basket value, investors would receive the \$1,000 stated principal amount plus 100% participation in the appreciation of the basket.

- o If the basket appreciates 10%, investors would receive a 10% return, or \$1,100 per security.

**Par or Downside Scenario.** If the final basket closing value is **less than or equal to** the initial basket value, investors would receive an amount less than or equal to the \$1,000 stated principal amount, based on a 1% loss of principal for each 1% decline in the basket over the term of the securities, subject to the minimum payment amount of \$950 per security.

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If the basket depreciates 1.50% from the initial basket value to the final basket closing value, investors would lose 1.50% of their principal and receive only \$985 per security at maturity, or 98.50% of the stated principal amount.

If the basket depreciates 50% from the initial basket value to the final basket closing value, investors would receive the minimum payment amount of \$950 per security at maturity, or 95% of the stated principal amount.

September 2018 Page 6

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

## Risk Factors

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

**The securities do not pay interest and provide for a minimum payment amount of only 95% of principal.** The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest and provide for a minimum payment amount of only 95% of principal at maturity. If the basket has depreciated over the term of the securities, the payout at maturity will be an amount in cash that is less than the \$1,000 stated principal amount of each security by an amount proportionate to the decrease in the value of the basket, subject to the minimum payment amount of \$950 per security (95% of the stated principal amount). **You could lose up to 5% of your investment in the securities.**

**Changes in the value of the basket components may offset each other.** Movements in the levels of the basket components may not correlate with each other. At a time when the level of one basket component increases, the levels of the other basket components may decline in value. Therefore, in calculating the payment at maturity, increases in the level of one basket component may be moderated, or wholly offset, by declines in the levels of the other basket components.

**The market price of the securities 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, including the values of the basket components at any time, the volatility (frequency and magnitude of changes in value) of the underlying indices, dividend rate on the stocks underlying the underlying indices, interest and yield rates in the market, time remaining until the securities mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying indices or equities markets generally and which may affect the closing values of the underlying indices on the determination date and the actual or anticipated changes in our credit ratings or credit spreads. The values of the underlying indices may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See “Historical Information” 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.**

**The payment at maturity is based on the price performance of the underlying indices.** Unlike “total return” indices, which would reflect dividends paid on the stocks that constitute the indices in addition to reflecting changes in the market prices of such stocks, the underlying indices are price-return indices. The performance of the underlying indices will therefore not reflect dividends paid on their component stocks. Moreover, although the SD3E Index tracks the performance of high dividend-yielding companies, such dividend payments are excluded in measuring the SD3E Index’s performance, and the return on the securities will not include any dividends paid on the stocks that constitute any underlying index. The value of an underlying index may decline over the term of the securities even if, when distributions of dividend payments are taken into account, a direct investment in the stocks constituting such underlying index would have realized an overall positive return over the same period. The return on the securities will not include a total return feature.

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

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

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.

**There are risks associated with investments in securities linked to the value of foreign equity securities.** The securities are linked to the value of foreign equity securities. Investments in securities linked to the value of foreign equity securities 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 United States 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 in foreign markets 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. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in such countries may differ favorably or unfavorably from the economy in the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payment positions.

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

**As a finance subsidiary, MSFL has no independent operations and will have no independent assets.** As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank pari passu with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only

to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated pari passu with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

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

**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**

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

**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 underlying indices, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

**The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price.** These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the securities than those generated by others, including other dealers in the market, if they attempted to value the securities. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your 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 of the securities will be influenced by many unpredictable factors” above.



**Adjustments to the basket components could adversely affect the value of the securities.** The index publisher of a basket component can add, delete or substitute the stocks underlying basket component, and can make other methodological changes that could change the value of such basket component. Any of these actions could adversely affect the value of the securities. In addition the index publisher of a basket component may discontinue or suspend calculation or publication of such basket component at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued basket component and is permitted to consider indices that are calculated and published by MS & Co. or any of its affiliates. If MS & Co. determines that there is no appropriate successor index on the determination date, the index closing value on the determination date will be an amount based on the stocks underlying the discontinued index at the time of such discontinuance, without rebalancing or substitution, computed by MS & Co, as calculation agent, in accordance with the formula for calculating the index closing value last in effect prior to discontinuance of the index.

**Investing in the securities is not equivalent to investing in the basket components; you have no shareholder or other rights in the basket components and are exposed to our credit risk.** Investing in the securities is not equivalent to investing in the basket components. As an investor in the securities, you will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to the component stocks of either basket component. Furthermore, investing in the securities is not equivalent to investing in the basket components or their component stocks. In addition, you are subject to our credit risk.

**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

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

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 calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities.** As calculation agent, MS & Co. will determine the initial index value and multiplier for each basket component, the final basket closing value and the basket percent change, and will calculate the amount of cash you will receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the basket closing value in the event of a discontinuance of any basket component or a market disruption event with respect to any basket component. These potentially subjective determinations may affect the payout to you at maturity. For further information regarding these types of determinations, see “Description of Equity-Linked Partial Principal at Risk Securities—Supplemental Redemption Amount,” “—Calculation Agent and Calculations,” “—Alternate Exchange Calculation in the Case of an Event of Default” and “—Discontinuance of Any Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

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

activities during the term of the securities, including on the determination date, could adversely affect the closing values of the underlying indices on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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Basket Overview

**S&P 500® Index**

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

"Standard & Poor®," "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® Index" in the accompanying index supplement.

**Russell 2000® Index**

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.

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

### **EURO STOXX<sup>®</sup> Select Dividend 30 Index**

The EURO STOXX<sup>®</sup> Select Dividend 30 Index is a price-return index that tracks the performance of the highest-dividend-yielding stocks across 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Although the EURO STOXX<sup>®</sup> Select Dividend 30 Index tracks the performance of high-dividend-yielding companies, it is a price-return index and, therefore, the return on the EURO STOXX<sup>®</sup> Select Dividend 30 Index will not include any dividends paid on the securities that make up the EURO STOXX<sup>®</sup> Select Dividend 30 Index. The EURO STOXX<sup>®</sup> Select Dividend 30 Index is reported by Bloomberg L.P. under the ticker symbol “SD3E.” For additional information about the EURO STOXX<sup>®</sup> Select Dividend 30 Index, see the information set forth under “Annex A—The EURO STOXX<sup>®</sup> Select Dividend 30 Index” below.

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

Information as of market close on September 6, 2018:

## Basket Component Information as of September 6, 2018

	Ticker Symbol	Current Basket Component Closing Value	52 Weeks Ago	52 Week High	52 Week Low
S&P 500® Index	SPX	2,878.05	2,465.54	2,914.04 (on 8/29/2018)	2,461.43 (on 9/10/2017)
Russell 2000® Index	RTY	1,714.468	1,402.196	1,740.753 (on 8/31/2018)	1,398.674 (on 9/7/2017)
EURO STOXX® Select Dividend 30 Index	SD3E	1,945.17	2,052.64	2,190.13 (on 11/2/2017)	1,945.17 (on 9/6/2018)

The following graph is calculated based on an initial basket value of 100 on January 1, 2013 (assuming that each basket component is weighted as described in “Basket” on the cover page) and illustrates the effect of the offset and/or correlation among the basket components during such period. The graph does not take into account the terms of the securities, nor does it attempt to show in any way your expected return on an investment in the securities. The historical performance of the basket should not be taken as an indication of its future performance.

## Basket Historical Performance

January 1, 2013 to September 6, 2018

September 2018 Page 12

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

## Historical Information

The following tables set forth the published high and low closing values as well as end-of-quarter closing values for each of the basket components for each quarter in the period from January 1, 2013 through September 6, 2018. The closing values on September 6, 2018 were (i) in the case of the SPX Index, 2,878.05, (ii) in the case of the RTY Index, 1,714.468, and (iii) in the case of the SD3E Index, 1,945.17. The related graphs set forth the daily closing values for each of the basket components in the same period. We obtained the information in the tables and graphs below from Bloomberg Financial Markets, without independent verification. The historical information of the basket components should not be taken as an indication of their future performance, and no assurance can be given as to the basket closing value on the determination date.

<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

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Second Quarter	2,453.462,328.952,423.41
Third Quarter	2,519.362,409.752,519.36
Fourth Quarter	2,690.162,529.122,673.61
<b>2018</b>	
First Quarter	2,872.872,581.002,640.87
Second Quarter	2,786.852,581.882,718.37
Third Quarter (through September 6, 2018)	2,914.042,713.222,878.05

September 2018 Page 13



Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

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**S&P 500® Index**

**Daily Index Closing Values**

January 1, 2013 to September 6, 2018

September 2018 Page 14

Morgan Stanley Finance LLC

Equity-Linked Partial Principal at Risk Securities due September 29, 2021

**Based on the Performance of an Equally Weighted Basket Composed of the S&P 500® Index, the Russell 2000® Index and the EURO STOXX® Select Dividend 30 Index**

Russell 2000® Index	High	Low	Period End
<b>2013</b>			
First Quarter	953.068	872.605	951.542
Second Quarter			