

MORGAN STANLEY
Form 424B2
August 20, 2018

August 2018

Preliminary Pricing Supplement No. 895
Registration Statement Nos. 333-221595; 333-221595-01
Dated August 20, 2018
Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in International Equities

Contingent Coupon Securities with One-Time Automatic Redemption Feature Linked to the iShares® MSCI Emerging Markets ETF due September 6, 2023

With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

Unlike ordinary debt securities, the Contingent Coupon Securities with One-Time Automatic Redemption Feature Linked to the iShares® MSCI Emerging Markets ETF due September 6, 2023, With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities, which we refer to as the securities, do not guarantee the repayment of principal and do not provide for the regular payment of interest. Instead, the securities offer the opportunity for investors to earn a contingent monthly coupon during only the first year of the term of the securities but only if and for as long as the share closing price of the iShares® MSCI Emerging Markets ETF (the “underlying shares”) has remained greater than or equal to 90% of the initial share price, which we refer to as the trigger level, on **each day** during the first year of the term of the securities. If the share closing price of the underlying shares is less than the trigger level on **any day** during the first year of the term of the securities, a trigger event will have occurred and you will not receive any contingent monthly coupon payment for the corresponding monthly period **or for any subsequent monthly period** for the remainder of the term of the securities. Therefore, investors in the securities will permanently forfeit their ability to receive subsequent contingent monthly coupon payments (which would otherwise be payable only during the first year of the term of the securities) if the share closing price declines below the trigger level on **any day** during the first year of the term of the securities. As a result, investors must be willing to accept the risk of not receiving any contingent monthly coupon payments during the entire term of the securities. In addition, if a trigger event **does not** occur during the first year of the term of the securities, the securities will be automatically redeemed at the end of the first year of the term of the securities, and investors will receive the early redemption payment equal to the stated principal amount of the securities and the final contingent monthly coupon payment but will not participate in any performance of the underlying shares. No further payments will be made on the securities once they have been redeemed. However, if a trigger event **does** occur on any day during the first year of the term of the securities, investors will receive no further contingent monthly coupon payments and the securities will not be redeemed prior to maturity. Instead, investors will receive a return at maturity based on the performance of the underlying shares over the term of the securities, determined as set forth below. Therefore, if a trigger event occurs and the underlying shares recover such that the final share price is greater than 99% of the initial share price, investors will receive a positive return on their investment. However, if a trigger event occurs and the final

share price is less than 99% of the initial share price, investors will lose some or all of their investment. These long-dated securities are for investors who seek an opportunity to earn interest at a potentially above-market rate during only the first year of the term of the securities if and for as long as a trigger event has not occurred on any day during the first year of the term of the securities in exchange for the risk of forfeiting all subsequent contingent monthly coupon payments if a trigger event occurs during the first year of the term of the securities and the risk of losing some or all of their principal if the securities are not automatically redeemed and the iShares® MSCI Emerging Markets ETF closes below 99% of the initial share price on the valuation date. **You could lose up to your entire investment in the securities.** The securities are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. 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 shares:	Shares of the iShares® MSCI Emerging Markets ETF (the “Fund”)
Aggregate principal amount:	\$
Stated principal amount:	\$1,000 per security
Issue price:	\$1,000 per security
Pricing date:	August 31, 2018
Original issue date:	September 6, 2018 (3 business days after the pricing date)
Maturity date:	September 6, 2023
Early redemption:	If a trigger event has not occurred on any day during the first year of the term of the securities, the securities will be automatically redeemed for an early redemption payment on September 6, 2019 (subject to postponement if such day is not a business day). No further payments will be made on the securities once they have been redeemed, and investors will not participate in any appreciation of the underlying shares.
Early redemption payment:	The early redemption payment will be an amount equal to (i) the stated principal amount for each security plus (ii) the contingent monthly coupon with respect to the final coupon payment date.
Contingent monthly coupon:	The securities may pay a contingent monthly coupon during only the first year of the term of the securities , depending on the performance of the underlying shares throughout the first year of the term of the securities, as follows:

- If a trigger event **has not** occurred on **any day** during the first year of the term of the securities on or prior to a monthly monitoring period end-date, we will pay a contingent monthly coupon at an annual rate of at least 10.64% (corresponding to approximately \$8.8667 per month per security) on the related coupon payment date. The actual contingent monthly coupon rate will be determined on the pricing date.

The contingent monthly coupons, if any, will be payable only during the first year of the term of the securities. Additionally, if a trigger event does not occur during the first year of the securities, the

securities will be automatically redeemed at the end of the first year of the term of the securities. Investors will not participate in any appreciation of the underlying shares, and no further payments will be made on the securities once they have been redeemed.

· If a trigger event **has** occurred on **any day** during the first year of the term of the securities on or prior to a monthly monitoring period end-date, no contingent monthly coupon will be paid on the related coupon payment date or on any subsequent coupon payment dates.

Following the occurrence of a trigger event, no further contingent monthly coupon payments will be payable over the remainder of the term of the securities, regardless of the subsequent performance of the underlying shares. Additionally if a trigger event occurs, the securities will not be redeemed prior to maturity and investors will be exposed to the performance of the underlying shares at maturity. See "Payment at maturity" below.

Trigger event:

A trigger event occurs if, on any day during any monthly monitoring period during the first year of the term of the securities, the share closing price of the underlying shares is less than the trigger level. If a trigger event occurs on **any day** during **any** monitoring period during the first year of the term of the securities, you will receive no contingent monthly coupon payment on the related coupon payment date or on any subsequent coupon payment dates, the securities will not be automatically redeemed prior to maturity and you will be exposed to the performance of the underlying shares at maturity.

Trigger level:

\$, which is equal to 90% of the initial share price

If a trigger event has occurred on any day during the first year of the term of the securities, the securities will not be redeemed prior to maturity and you will receive at maturity an amount in cash per \$1,000 security equal to:

Payment at maturity:

$\$900 + (\$1,000 \times \text{leverage factor} \times \text{adjusted share return})$

*If a trigger event has occurred and the final share price is less than 99% of the initial share price, you will lose some or all of your investment. **You may lose your entire investment in the securities.***

Leverage factor:

1.1111

Adjusted share return:

$(\text{final share price} - \text{trigger level}) / \text{initial share price}$

Initial share price:

\$, which is the share closing price of one underlying share on the pricing date

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 \$981.00 per security, or within \$30.00 of that estimate. See “Investment Summary” beginning on page 3.

Commissions and issue price:	Price to public Agent’s commissions and fees⁽¹⁾		Proceeds to us⁽²⁾
Per security	\$1,000	\$0	\$1,000
Total	\$	\$	\$

MS & Co. will act as the agent for this offering and will not receive a sales commission in connection with sales of (1) the securities. See “Supplemental information regarding plan of distribution; conflicts of interest.” For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement.

(2) See “Use of proceeds and hedging” on page 28.

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 10.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this preliminary pricing supplement or the accompanying prospectus 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 preliminary pricing supplement together with the related prospectus 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 preliminary pricing supplement.

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

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

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

[Prospectus dated November 16, 2017](#)

Morgan Stanley Finance LLC

Contingent Coupon Securities with One-Time Automatic Redemption Feature Linked to the iShares® MSCI Emerging Markets ETF due September 6, 2023

With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities

Principal at Risk Securities

Terms continued from previous page:

Valuation date: August 31, 2023, subject to postponement for non-trading days and certain market disruption events

Share closing price: On any trading day, the closing price of one underlying share on such day *times* the adjustment factor on such day

Final share price: The closing price of one underlying share on the valuation date *times* the adjustment factor on such date

Adjustment factor: 1.0, subject to adjustment in the event of certain events affecting the underlying shares

Monitoring periods: There are 12 monthly monitoring periods during the first year of the term of the securities. The first monitoring period will consist of each trading day on which no market disruption event occurs from but excluding the pricing date to and including the first monitoring period end-date. Each subsequent monitoring period will consist of each trading day on which no market disruption event occurs from but excluding the prior monitoring period end-date to and including the following monitoring period end-date.

Monitoring period end-dates: For the first year of the term of the securities, monthly, as set forth under “Monitoring Period End-Dates and Coupon Payment Dates” below, subject to postponement for non-trading days and certain market disruption events. We also refer to September 3, 2019 as the final monitoring period end-date.

Coupon payment dates: For the first year of the term of the securities, monthly, as set forth under “Monitoring Period End-Dates and Coupon Payment Dates” below. If any coupon payment date is not a business day, that coupon payment, if any, will be made on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day. **There will under no circumstances be any coupon payments made after the first year of the term of the securities.**

CUSIP / ISIN: 61768DCL7 / US61768DCL73

Listing: The securities will not be listed on any securities exchange.

Monitoring Period End-Dates and Coupon Payment Dates

Monitoring Period End-Dates	Coupon Payment Dates
October 1, 2018	October 4, 2018
October 31, 2018	November 5, 2018
November 30, 2018	December 5, 2018
December 31, 2018	January 4, 2019
January 31, 2019	February 5, 2019
February 28, 2019	March 5, 2019
April 1, 2019	April 4, 2019
April 30, 2019	May 3, 2019
May 31, 2019	June 5, 2019

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July 1, 2019

July 5, 2019

July 31, 2019

August 5, 2019

September 3, 2019

September 6, 2019

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Principal at Risk Securities

Investment Summary

Contingent Coupon Securities

Principal at Risk Securities

The Contingent Coupon Securities with One-Time Automatic Redemption Feature Linked to the iShares® MSCI Emerging Markets ETF due September 6, 2023, With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities, which we refer to as the securities, provide an opportunity for investors to earn a contingent monthly coupon at an annual rate of at least 10.64% (corresponding to approximately \$8.8667 per month per security) but only if and for as long as the share closing price of the underlying shares has remained greater than or equal to 90% of the initial share price, which we refer to as the trigger level, on **each day** during the first year of the term of the securities. The actual contingent monthly coupon rate will be determined on the pricing date. If the share closing price of the underlying shares is less than the trigger level on **any day** during the first year of the term of the securities, a trigger event will have occurred and you will not receive any contingent monthly coupon payment for the corresponding monthly period **or for any subsequent monthly period** for the remainder of the term of the securities. Therefore, investors in the securities will permanently forfeit their ability to receive subsequent contingent monthly coupon payments (which would otherwise be payable only during the first year of the term of the securities) if the share closing price declines below the trigger level on **any day** during the first year of the term of the securities. In addition, if a trigger event **does not** occur during the first year of the term of the securities, the securities will be automatically redeemed at the end of the first year of the term of the securities, and investors will receive the early redemption payment equal to the stated principal amount of the securities and the final contingent monthly coupon payment but will not participate in any performance of the underlying shares. No further payments will be made on the securities once they have been redeemed. However, if a trigger event **does** occur on any day during the first year of the term of the securities, investors will receive no further contingent monthly coupon payments and the securities will not be redeemed prior to maturity. Instead, investors will receive a return at maturity based on the performance of the underlying shares over the term of the securities. Therefore, if a trigger event occurs and the underlying shares recover such that the final share price is greater than 99% of the initial share price, investors will receive a positive return on their investment. However, if a trigger event occurs and the final share price is less than 90% of the initial share price, investors will lose some or all of their investment. Investors may lose up to their entire investment in the securities.

We are using this preliminary pricing supplement to solicit from you an offer to purchase the securities. You may revoke your offer to purchase the securities at any time prior to the time at which we accept such offer by notifying the

relevant agent. We reserve the right to change the terms of, or reject any offer to purchase, the securities prior to their issuance. In the event of any material changes to the terms of the securities, we will notify you.

Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or our principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (212) 761-4000).

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 \$981.00, or within \$30.00 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 shares. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying shares, instruments based on the underlying shares, 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 contingent monthly coupon rate, the trigger level and the leverage factor, 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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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 underlying shares, 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 shares, 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 guarantee the repayment of any principal and do not provide for the regular payment of interest. Instead, the securities offer investors an opportunity to earn a contingent monthly coupon during only the first year of the securities at a rate of at least 10.64% per annum (to be determined on the pricing date) **but only** if and for as long as the share closing price of the underlying shares has remained greater than or equal to 90% of the initial share price, which we refer to as the trigger level, on **each day** during the first year of the term of the securities. Additionally, if a trigger event has not occurred during the first year of the term of the securities, the securities will be automatically redeemed at the end of the first year of the term of the securities, and investors will receive the stated principal amount of the securities *plus* the final contingent monthly coupon payment but will not participate in any performance of the underlying shares. No further payments will be made on the securities once they have been redeemed. However, if a trigger event occurs on **any day** during the first year of the term of the securities, investors will receive no further contingent monthly coupon payments and the securities will not be redeemed prior to maturity. Instead, investors will receive a return at maturity based on the performance of the underlying shares. The payment at maturity may be less than the stated principal amount of the securities and may be zero. The return on the securities will vary depending on whether or not a trigger event has occurred during the first year of the term of the securities, as follows:

Scenario 1: A trigger event does not occur on any day during the first year of the term of the securities, and so the securities are automatically redeemed after one year.

This scenario assumes that the underlying shares close at or above the trigger level on **every day** during the first year of the term of the securities. Therefore, a trigger event has not occurred and investors will receive the contingent monthly coupon on each coupon payment date during the first year of the term of the securities. In addition, the securities will be automatically redeemed at the end of the first year of the term of the securities, and investors will receive the stated principal amount *plus* the final contingent monthly coupon payment. No further payments will be made on the securities once they have been redeemed, and investors will not participate in any appreciation of the underlying shares.

Scenario 2: A trigger event occurs on any day during the first year of the term of the securities. Investors will forfeit all subsequent contingent monthly coupons and may suffer a loss of principal at maturity.

This scenario assumes that the underlying shares close below the trigger level on **any day** during the first year of the term of the securities. Therefore, a trigger event has occurred. In this scenario, investors will receive contingent monthly coupons only for the monitoring period(s) prior to the monitoring period in which the trigger event occurs, if any. Therefore, investors either do not receive any contingent monthly coupons during the first year of the term of the securities or they receive contingent monthly coupons on only a limited number of coupon payment dates during the first year of the term of the securities.

In addition, because a trigger event has occurred, the securities will not be redeemed prior to maturity and, at maturity, investors will receive a return based on the performance of the underlying shares over the term of the securities. This means that if the underlying shares recover such that the final share price is greater than 99% of the initial share price, investors will receive a positive return on their investment. However, if the final share price is less than 99% of the initial share price, investors will lose some or all of their investment. Under these circumstances, the payment at maturity will be less than the stated principal amount and could be zero.

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Principal at Risk Securities

How the Contingent Coupon Securities Work

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With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities

Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples are for illustrative purposes only. The actual initial share price and trigger level will be determined on the pricing date. Any payment on the securities is subject to our credit risk. The numbers in the hypothetical examples may be rounded for ease of analysis. The below examples are based on the following terms:

Stated principal amount:	\$1,000 per security
Hypothetical initial share price:	\$40
Hypothetical trigger level:	\$36, which is 90% of the hypothetical initial share price
Hypothetical contingent monthly coupon:	10.64% per annum (corresponding to \$8.8667 per month per security)*

* *The actual contingent coupon will be an amount determined by the calculation agent based on the actual contingent monthly coupon rate and the number of days in the applicable payment period, calculated on a 30/360 basis. The hypothetical contingent monthly coupon payment of \$8.8667 is used in these examples for ease of analysis.*

Example 1: A trigger event HAS NOT occurred on any day during the first year of the term of the securities.

Date	Trigger event has occurred on or prior to monitoring period end-date	Payment (per \$1,000 principal amount of securities)
First monitoring period end-date	No	\$8.8667
Second monitoring period end-date	No	\$8.8667
Third through eleventh monitoring period end-dates	No	\$8.8667 each (9 x \$8.8667 = \$79.8003)
Twelfth monitoring period end-date	No	\$1,008.8667 (early redemption payment)
Total payments		\$1,106.4004 (contingent monthly coupon payments + early redemption payment)

Because a trigger event has not occurred during the first year of the term of the securities, investors receive the contingent monthly coupon payment on each coupon payment date during the first year of the term of the securities. Additionally, because a trigger event has not occurred during the first year of the term of the securities, the securities are automatically redeemed at the end of the first year of the term of the securities. Investors receive the early redemption payment, which equals \$1,008.8667 (equal to the stated principal amount of \$1,000 plus the final contingent monthly coupon payment). When added to the contingent monthly coupon payments received with respect to the prior coupon payment dates, the total amount paid for each \$1,000 principal amount of securities over the

one-year term of the securities is \$1,106,4004. Investors do not participate in any performance of the underlying shares because a trigger event has not occurred during the first year of the term of the securities. No further payments will be made on the securities once they have been redeemed.

Example 2: A trigger event HAS occurred on or prior to the first monitoring period end-date, and the final share price is less than 99% of the initial share price.

Date	Trigger event has occurred on or prior to monitoring period end-date	Payment (per \$1,000 principal amount of securities)
First monitoring period end-date	Yes	\$0
Second monitoring	Yes	\$0

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Principal at Risk Securities

period end-date	
Third through twelfth monitoring period end-dates	Yes \$0
Valuation date (final share price = \$20)	N/A \$455.5556
Total payments over the five-year term of the securities	\$455.5556

Because a trigger event has occurred on or prior to the first monitoring period end-date, investors receive no contingent monthly coupon payment for that monthly period or for any subsequent monthly period during the first year of the term of the securities. Therefore, investors receive no contingent monthly coupon payments. Additionally, the securities are not redeemed prior to maturity. Because the final share price is less than 99% of the initial share price, investors lose some or all of their investment. The payment at maturity is \$455.5556 per \$1,000 principal amount of securities, representing a substantial loss on the initial investment, calculated as follows:

$$\$900 + (\$1,000 \times 1.1111 \times -40\%) = \$455.5556$$

Example 3: A trigger event HAS occurred for the first time between the third monitoring period end-date and the fourth monitoring period end-date, and the final share price is greater than or equal to 99% of the initial share price.

Date	Trigger event has occurred on or before monitoring period end-date	Payment (per \$1,000 principal amount of securities)
First monitoring period end-date	No	\$8.8667
Second monitoring period end-date	No	\$8.8667
Third monitoring period end-date	No	\$8.8667
Fourth monitoring period end-date	Yes	\$0
Fifth through twelfth monitoring period end-dates	Yes	\$0
Valuation date (final share price = \$44)	N/A	\$1,122.2222
Total payments over the five-year term of the securities		\$1,148.8223

Because a trigger event has occurred between the third monitoring period end-date and the fourth monitoring period end-date, investors receive no contingent monthly coupon payment for the fourth monthly period or for any

subsequent monthly period. Additionally, the securities are not redeemed prior to maturity. Because a trigger event has occurred and the adjusted share return is 20.00%, the payment at maturity will be \$1,122.2222 per \$1,000 principal amount of securities, calculated as follows:

$$\$900 + (\$1,000 \times 1.1111 \times 20\%) = \$1,122.2222$$

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Principal at Risk Securities

When added to the contingent monthly coupon payments received with respect to the prior monitoring period end-dates, the total amount paid for each \$1,000 principal amount of securities over the five-year term of the securities is \$1,148.8223.

Example 4: A trigger event HAS occurred for the first time between the fifth monitoring period end-date and the sixth monitoring period end-date, and the final share price is less than 99% of the initial share price.

Date	Trigger event has occurred on or before monitoring period end-date	Payment (per \$1,000 principal amount of securities)
First monitoring period end-date	No	\$8.8667
Second monitoring period end-date	No	\$8.8667
Third monitoring period end-date	No	\$8.8667
Fourth monitoring period end-dates	No	\$8.8667
Fifth monitoring period end-dates	Yes	\$0
Sixth monitoring period end-date	Yes	\$0
Seventh through twelfth monitoring period end-dates	Yes	\$0
Valuation date (final share price = \$24)	N/A	\$566.6667
Total payments over the five-year term of the securities		\$602.1335

Because a trigger event has occurred between the fifth monitoring period end-date and the sixth monitoring period end-date, investors receive no contingent monthly coupon payment for the sixth monthly period or for any subsequent monthly period. Additionally, the securities are not redeemed prior to maturity. Because a trigger event has occurred and the adjusted share return is -30.00%, the payment at maturity will be \$566.6667 per \$1,000 principal amount of securities, representing a substantial loss on the initial investment, calculated as follows:

$$\$900 + (\$1,000 \times 1.1111 \times -30\%) = \$566.6667$$

When added to the contingent monthly coupon payments received with respect to the prior monitoring period end-dates, the total amount paid for each \$1,000 principal amount of securities over the five-year term of the securities is \$602.1335.

If a trigger event occurs on any day during the first year of the term of the securities, you will receive no subsequent contingent monthly coupon payments and the securities will not be redeemed prior to maturity. Under these circumstances, you will be exposed to the performance of the underlying shares at maturity, and if the final share price is less than 99% of the initial share price, you will lose some or all of your investment.

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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 index 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 repayment of any principal. Instead, if a trigger event has occurred on any day during the first year of the term of the securities and the final share price is less than 99% of the initial share price, you will lose some or all of your investment. **Accordingly, investors may lose their entire investment in the securities.**

If a trigger event occurs, you will forfeit all subsequent coupons and you will be exposed to the performance of the underlying shares at maturity. If a trigger event occurs on any day during the first year of the term of the securities, you will receive no subsequent contingent monthly coupon payments and the securities will not be redeemed prior to maturity. Under these circumstances, you will be exposed to the performance of the underlying shares at maturity, and if the final share price is less than 99% of the initial share price, you will lose some or all of your investment. For purposes of determining whether or not a trigger event has occurred, the share closing price will be monitored on **every day** during the first year of the term of the securities, and therefore it is more likely that a trigger event will occur than if the share closing price were monitored less frequently.

The securities do not guarantee the payment of any interest. The opportunity to receive contingent monthly coupon payments will exist only during the first year of the term of the securities, and it will be permanently forfeited if a trigger event occurs. The securities do not guarantee the payment of any interest. The contingent monthly coupon payments, if any, will be potentially available during only the first year of the term of the securities. Moreover, if the share closing price of the underlying shares is less than the trigger level on **any day** during the first year of the term of the securities, you will not receive a contingent monthly coupon payment for that monthly period **or for any subsequent monthly period.** Even if the share closing price of the underlying shares subsequently appreciates following the occurrence of a trigger event, you will receive no further contingent monthly coupon payments. A trigger event could occur as early as during the first monitoring period, in which case you will receive no contingent monthly coupon payments over the entire term of the securities. The overall return on the securities may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity. Additionally, if a trigger event occurs on any day during the first year of the term of the securities and the final share price is less than 99% of the initial share price, investors will lose some or all of their investment at maturity.

If a trigger event does not occur during the first year of the term of the securities, the securities will be automatically redeemed at the end of the first year of the term of the securities, and the appreciation potential of the securities will be limited to the contingent monthly coupon payments that will be paid during the first year of the term of the securities. If a trigger event does not occur during the first year of the term of the securities, the securities will be automatically redeemed after the first year of the term of the securities and you will not participate in the performance of the underlying shares. Under these circumstances, the return on the securities will be limited to the contingent monthly coupon payments, regardless of any appreciation in the price of the underlying shares, which may be significant. If you receive all available contingent monthly coupon payments during the first year of the term of the securities because a trigger event does not occur, you will receive only the principal amount of your securities (plus the final contingent monthly coupon payment) upon early redemption, and you will not benefit from the leverage factor or any appreciation of the underlying shares.

The market price of the securities may 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:

- o whether a trigger event has occurred on any day during the first year of the term of the securities,

Morgan Stanley Finance LLC

Contingent Coupon Securities with One-Time Automatic Redemption Feature Linked to the iShares® MSCI Emerging Markets ETF due September 6, 2023

With Contingent Monthly Coupons Potentially Payable During Only the First Year of the Term of the Securities

Principal at Risk Securities

o the trading price, volatility (frequency and magnitude of changes in value) and dividends of the underlying shares and of the stocks composing the MSCI Emerging Markets IndexSM (the “share underlying index”),

o interest and yield rates in the market,

o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying shares or the securities markets generally and which may affect the price of the underlying shares,

o the time remaining until the securities mature,

o the exchange rates of the U.S. dollar relative to the currency in which the stocks underlying the share underlying index trade

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

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

Generally, the longer the time remaining to maturity, the more the market price of the securities will be affected by the other factors described above. 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 value of the iShares® MSCI Emerging Markets ETF at the time of sale is near or below the trigger level or if market interest rates rise.

You cannot predict the future performance of the iShares® MSCI Emerging Markets ETF based on their historical performance. The share closing price of the underlying shares may decrease and be below the trigger level on any day during the first year of the term of the securities so that you will forfeit some or all of the contingent monthly coupon payments, or be below 99% of the initial share price on the valuation date so that you will lose some or all of your initial investment in the securities. See “iShare® MSCI Emerging Markets ETF Historical Performance” below.

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There are risks associated with investments in securities, such as the securities, linked to the value of foreign (and especially emerging markets) equity securities. The underlying shares track the performance of the MSCI Emerging Markets IndexSM, which is linked to the value of foreign (and especially emerging markets) 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 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. In addition, the stocks included in the MSCI Emerging Markets IndexSM and that are generally tracked by the underlying shares have been issued by companies in various emerging markets countries, which pose further risks in addition to the risks associated with investing in foreign equity markets generally. Countries with emerging markets may have relatively unstable governments, may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and may have less protection of property rights than more developed countries. The economies of countries with emerging markets may be based on only a few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. 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 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 between countries.

The price of the underlying shares is subject to currency exchange risk. Because the price of the underlying shares is related to the U.S. dollar value of stocks underlying the MSCI Emerging Markets IndexSM, holders of the securities will be exposed to currency exchange rate risk with respect to each of the currencies in which such § component securities trade. Exchange rate movements for a particular currency are volatile and are the result of numerous factors including the supply of, and the demand for, those currencies, as well as relevant government policy, intervention or actions, but are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and

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speculative actions related to the relevant region. An investor's net exposure will depend on the extent to which the currencies of the component securities strengthen or weaken against the U.S. dollar and the relative weight of each currency. If, taking into account such weighting, the dollar strengthens against the currencies of the component securities represented in the MSCI Emerging Markets IndexSM, the price of the underlying shares will be adversely affected and the payment on the securities may be reduced.

Of particular importance to potential currency exchange risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments; and
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