

MARCH 11, 2014

# Morgan Stanley S&P 500® Crude Oil Linked ETN (BARL)

The Morgan Stanley S&P 500® Crude Oil Linked ETN (ticker: BARL) tracks the performance of the S&P 500® Oil Hedged Index (the “Index”), which provides exposure to the S&P 500® Total Return Index and an equal weighted combination of near-term NYMEX West Texas Intermediate (WTI) Light Sweet Crude and ICE Brent (Brent) Crude Oil futures contracts. A \$100 investment in the Morgan Stanley S&P 500® Crude Oil Linked ETN provides a \$100 exposure to the S&P 500 Index and a \$50 exposure to each of the WTI and Brent futures. Each exposure is rebalanced on a monthly basis.

The ETNs may not be suitable for all investors. The ETNs are designed to provide access to both the price of crude oil, as expressed by the prices of the two futures contracts, and the prices of large-cap U.S. equities, as expressed by the S&P 500 Index, in a single exchange-traded security. The index rebalancing feature provides equal exposure to the equity and crude oil futures components upon each rebalancing, preventing continued imbalances in the component weights that may occur due to market movements. In addition, although both WTI and Brent futures contracts provide exposure to the crude oil market, investing in a combination of WTI and Brent futures contracts may result in certain diversification benefits relative to investing in a single crude oil futures contract.

## INDEX CALCULATION

The Index is calculated based on the total return of the S&P 500 Total Return Index and a combination of rolling near-term WTI and Brent futures contracts. The Index is rebalanced monthly to equalize exposures to each. On each rebalancing, the total crude oil futures exposure will be split equally between WTI and Brent futures contracts and will be equal in weight to the S&P exposure.

## BENEFITS OF INVESTING IN THE ETNS

- Reduced risk of tracking error:** Performance of the ETNs is calculated based on the benchmark index, less applicable tracking fees.
- Exchange-traded price transparency:** The ETNs are exchange traded instruments that are listed and traded on NYSE Arca.
- Index Rebalancing:** Maintains equal exposures to equities and crude oil upon each monthly rebalancing.
- Exposure to two different crude oil futures contracts:** An investment in the ETNs provides exposure to both WTI and Brent futures contracts, which could provide investors with certain diversification benefits relative to exposure to a single crude oil futures contract.



## ETN PRODUCT PROFILE

Product Name	Morgan Stanley S&P 500 Crude Oil Linked ETN
ETN Ticker	BARL
Intraday Indicative Value Ticker	BARL.IV
Underlying Index	S&P 500 Oil Hedged Index
Index ticker	SPOILH
Issuer	Morgan Stanley
ETN Annual Tracking Fee	0.79%
Primary Exchange	NYSE Arca
CUSIP	61760E390
ETN Inception Date	June 28, 2011
ETN Maturity Date	July 1, 2031

## HISTORICAL AGGREGATE RETURNS

	1 YEAR	SINCE INCEPTION
S&P 500 Oil Hedged Index (ticker SPOILH)	36.14%	54.52%
S&P 500 Total Return Index (ticker SPTR)	25.37%	52.95%
WTI Front Month Futures (ticker CL)	11.45%	-81.68%
Brent Front Month Futures (ticker CO)	-2.07%	-88.72%

Source: Bloomberg and S&P, as of March 6, 2014

The returns are provided for informational purposes only. Historical performance of the indices and futures contracts is not indicative of future performance of the indices, futures contracts or the ETNs. There is no guarantee that the Index or the ETNs will perform as well as or outperform any investment strategy. The data for the S&P 500® Oil Hedged Index for the period prior to its inception on March 14, 2011 is pro forma simulated performance and is derived by using the Index's calculation methodology with historical prices. The WTI and Brent Front Month Futures returns reflect the calculation methodology applied in the S&P 500® Oil Hedged Index and reflects the cost of rolling between futures contracts.

- Potential Liquidity:** The ETNs are listed on NYSE Arca and may have a more liquid trading market than unlisted securities.

## ETF PERFORMANCE GRAPH



## WHAT ARE SOME OF THE KEY RISKS OF AN INVESTMENT IN THE ETNs?

- The ETNs may result in a loss of some or all of your investment.
- Because each dollar invested in the ETNs results in one dollar of notional exposure to the S&P 500 Total Return Index and one dollar of notional exposure to the crude oil futures contracts, the ETNs provide leveraged exposure and you should be aware that any percentage declines in the S&P 500 Total Return Index and crude oil futures prices are additive, such that, for example, a 40% decline in the S&P 500 Total Return Index and a 60% decline in the crude oil futures prices would result in a total loss of your investment in the ETNs. Depending on the index closing level on the applicable valuation date, you could lose a substantial portion or even all of your investment.
- The ETNs are exposed to the prices of two different crude oil futures contracts, which are affected by many factors, including global supply and demand for crude oil, currency exchange rates and geopolitical and macroeconomic conditions. The two crude oil futures contracts may be affected differently by any of these factors.
- The ETNs are unsecured debt obligations of Morgan Stanley and therefore are subject to the credit risk of Morgan Stanley.

- The ETNs will be automatically redeemed by Morgan Stanley if the intraday indicative value of the ETNs at any time during any index business day has declined by at least 50% from the closing indicative value as of the most recent rebalancing date (or the stated principal amount per ETN if no rebalancing date has occurred since the inception date), and the next index business day will be the valuation date. This automatic redemption may result in a loss to you and the ETNs will not benefit from any subsequent increase in the value of the Index.
- The ETN may not have an active secondary market and may not continue to be listed over their term.
- The payment on the ETNs at maturity or call, or upon early repurchase, is linked to the Index closing level and not to the published intraday indicative value of the ETNs.
- Your right to obligate us to repurchase the ETNs is on a weekly basis subject to a substantial minimum size restriction of at least 100,000 ETNs and a Repurchase Fee of 0.125% of the applicable Repurchase Settlement Amount as of the Repurchase Valuation Date. Liquidity could be limited if you hold less than the minimum amount of ETNs.
- The ETNs may be repurchased by the Issuer at any time, resulting in a loss of some or all of your investment.
- You will not know the Repurchase Settlement Amount that you will receive at the time you elect to request that we repurchase your ETNs.
- Significant aspects of the tax treatment of the ETNs are uncertain.
- Changes in the values of the Index constituents may offset each other.

**The risks identified above are not exhaustive. You should also review carefully the related “Risk Factors” section of the pricing supplement for the ETNs and the prospectus supplement and prospectus that accompany such pricing supplement.**

## CONTACT DETAILS

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