MORGAN STANLEY
Form 424B2
March 04, 2019

***CALCULATION OF REGISTRATION FEE***

| *Title of Each Class of Securities Offered* | *Maximum Aggregate Offering Price* | *Amount of Registration Fee* |
|---|---|---|
| Knock-Out Notes due 2021 | $1,000,000 | $121.20 |

**February 2019**

Pricing Supplement No. 1,563

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

Dated February 28, 2019

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

**Based on the Value of the S&P 500® Index**

Fully and Unconditionally Guaranteed by Morgan Stanley

The notes are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The notes will pay no interest and will have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented and modified by this document. The payment at maturity on the notes will be determined as follows: If the index closing value of the underlying index has remained less than or equal to the upside knock-out level, which is 120% of the initial index value, **and** greater than or equal to the downside knock-out level, which is 80% of the initial index value, on **each index business day** during the term of the notes, we will pay per note at maturity: (i) if the final index value is greater than or equal to the initial index value, the stated principal amount of $1,000 plus a return reflecting 100% of the upside performance of the underlying index, which will effectively be limited to a return of 20%, or (ii) if the final index value is less than the initial index value, the stated principal amount plus a positive return equal to the absolute value of the percentage decline, which will also effectively be limited to a positive return of 20%. However, if the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes, a trigger event will have occurred and, at maturity, we will pay per note only the stated principal amount of $1,000 plus the upside payment of $30 per note. The notes are for investors who are concerned about principal risk but seek an equity index-based return, determined as set forth herein, and who are willing to forgo current income and uncapped participation in the appreciation of the underlying index in exchange for the repayment of principal at maturity plus the possibility of receiving a return based on a limited range of performance of the underlying index **but only if** the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes. The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

**All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These notes 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.**

| **FINAL Terms** | |
|---|---|
| **Issuer:** | Morgan Stanley Finance LLC |
| **Guarantor:** | Morgan Stanley |
| **Issue price:** | $1,000 per note |
| **Stated principal amount:** | $1,000 per note |
| **Aggregate principal amount:** | $1,000,000 |
| **Pricing date:** | February 28, 2019 |
| **Original issue date:** | March 5, 2019 (3 business days after the pricing date) |
| **Maturity date:** | March 4, 2021 |
| **Interest:** | None |
| **Underlying index:** | S&P 500® Index |
| **Trigger event:** | A trigger event occurs if, on **any index business day** from but excluding the pricing date to and including the valuation date, the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level. If a trigger event occurs on a**ny index business day** during the term of the notes, you will receive at maturity only the stated principal amount of $1,000 plus the upside payment. |
| **Payment at maturity:** | The payment at maturity will depend on whether or not a trigger event has occurred and will be determined as follows:<br><br>· **If a trigger event HAS NOT occurred on any index business day during the term of the notes up to and including the valuation date:**<br><br>· If the final index value is greater than or equal to the initial index value:<br><br>$1,000 + ($1,000 x index return)<br><br>*In this scenario, you will receive a 1% positive return on the notes for each 1% positive return on the underlying index. In no event will this amount exceed the stated principal amount plus $200.*<br><br>· If the final index value is less than the initial index value:<br><br>$1,000 + ($1,000 x absolute index return)<br><br>*In this scenario, you will receive a 1% positive return on the notes for each 1% negative return on the underlying index. In no event will this amount exceed the stated principal amount plus $200.* |

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| | · **If a trigger event HAS occurred on any index business day during the term of the notes up to and including the valuation date:**<br><br>$1,000 + the upside payment |
| **Upside payment:** | $30 per note (3.00% of the stated principal amount) |
| **Initial index value:** | 2,784.49, which is the index closing value on the pricing date |
| **Final index value:** | The index closing value on the valuation date |
| **Upside knock-out level:** | 3,341.388, which is 120% of the initial index value |
| **Downside knock-out level:** | 2,227.592, which is 80% of the initial index value |
| **Index return:** | (final index value – initial index value) / initial index value |
| **Absolute index return:** | The absolute value of the index return |
| **Valuation date:** | March 1, 2021, subject to postponement for non-index business days and certain market disruption events |
| **CUSIP:** | 61768DM69 |
| **ISIN:** | US61768DM692 |
| **Listing:** | The notes will not be listed on any securities exchange. |
| **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:** | $989.40 per note. See "Investment Summary" beginning on page 2. |

| **Commissions and issue price:** | Price to public(1) | Agent's commissions and fees(2) | Proceeds to us(3) |
|---|---|---|---|
| **Per note** | $1,000 | $7.50 | $992.50 |
| **Total** | $1,000,000 | $7,500 | $992,500 |

(1) The notes will be sold only to investors purchasing the notes in fee-based advisory accounts.

(2) MS & Co. expects to sell all of the notes that it purchases from us to an unaffiliated dealer at a price of $992.50 per note, for further sale to certain fee-based advisory accounts at the price to public of $1,000 per note. MS & Co. will not receive a sales commission with respect to the notes 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 for equity-linked notes.

(3) See "Use of proceeds and hedging" on page 12.

The notes involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 5.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these notes, 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 notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

You should read this document together with the related product supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see "Additional Terms of the Notes" and "Additional Information About the Notes" 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 Notes dated November 16, 2017** **Index Supplement dated November 16, 2017**

**Prospectus dated November 16, 2017**

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

Investment Summary

Dual Directional Knock-Out Notes With Daily Trigger Monitoring

The Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021 Based on the Value of the S&P 500® Index (the "notes") offer a positive return based on the performance of the underlying index **but only if** the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes. The notes provide investors:

§ an opportunity to gain 1-to-1 upside exposure to the performance of the S&P 500® Index

§ the repayment of principal at maturity, subject to our creditworthiness

If the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes, we will pay per note at maturity: (i) if the final index value is greater than or equal to the initial index value, the stated principal amount plus a return reflecting 100% of the upside performance of the underlying index, which will effectively be limited to a return of 20%, or (ii) if the final index value is less than the initial index value, the stated principal amount plus a positive return equal to the absolute value of the percentage decline, which will effectively be limited to a positive return of 20%. However, if the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes, a trigger event will have occurred and, at maturity, we will pay per note only the stated principal amount of $1,000 plus the upside payment of $30 per note. All payments on the notes, including the repayment of principal at maturity, are subject to our credit risk.

| | |
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| **Maturity:** | Approximately 2 years |
| **Upside payment:** | $30 per note (3.00% of the stated principal amount) |

| | |
|---|---|
| **Upside knock-out level:** | 120% of the initial index value, monitored daily throughout the term of the notes |
| **Downside knock-out level:** | 80% of the initial index value, monitored daily throughout the term of the notes |
| **Interest:** | None |

The original issue price of each note is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the notes, which are borne by you, and, consequently, the estimated value of the notes on the pricing date is less than $1,000. We estimate that the value of each note on the pricing date is $989.40.

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

In valuing the notes on the pricing date, we take into account that the notes comprise both a debt component and a performance-based component linked to the underlying index. The estimated value of the notes is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying index, instruments based on the underlying index, 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 notes?*

In determining the economic terms of the notes, including the upside payment, the upside knock-out level and the downside knock-out level, 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 notes 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 notes?*

The price at which MS & Co. purchases the notes in the secondary market, absent changes in market conditions, including those related to the underlying index, 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 notes 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 notes in the secondary market, absent changes in market conditions, including those related to the underlying index, 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 notes, and, if it once chooses to make a market, may cease doing so at any time.

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

Key Investment Rationale

Dual Directional Knock-Out Notes With Daily Trigger Monitoring offer investors potential upside exposure to the performance of the underlying index **but only if** a trigger event does not occur. They are for investors who are concerned about principal risk but seek an equity index-based return, determined as set forth herein, and who are willing to forgo current income and uncapped participation in the appreciation of the underlying index in exchange for the repayment of principal at maturity plus the possibility of receiving a return based on a limited range of performance of the underlying index but only if the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes. If the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes, we will pay per note at maturity: (i) if the final index value is greater than or equal to the initial index value, the stated principal amount plus a return reflecting 100% of the upside performance of the underlying index, which will effectively be limited to a return of 20%, or (ii) if the final index value is less than the initial index value, the stated principal amount plus a positive return equal to the absolute value of the percentage decline, which will effectively be limited to a positive return of 20%. However, if the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes, a trigger event will have occurred and, at maturity, we will pay per note only the stated principal amount of $1,000 plus the upside payment of $30 per note.

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| **Trigger Event** | A trigger event occurs if, on **any index business day** from but excluding the pricing date to and including the valuation date, the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level. If a trigger event occurs on **any index business day** during the term of the notes, you will receive at maturity only the stated principal amount of $1,000 plus the upside payment. |
| **Scenario 1 – A Trigger Event Does Not Occur and the Underlying Index Appreciates** | If a trigger event has not occurred (meaning that the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes) and the final index value is greater than or equal to the initial index value, you will receive for each security that you hold $1,000 plus a return reflecting 100% of the index return. The maximum return you may receive in this scenario is a positive 20% return at maturity. |
| **Scenario 2 – A Trigger Event Does Not Occur and the Underlying Index Depreciates** | If a trigger event has not occurred (meaning that the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes) and the final index value is less than the initial index value, the notes pay a 1% positive return for each 1% negative return on the underlying index. The maximum return you may |

| | |
|---|---|
| | receive in this scenario is a positive 20% return at maturity. |
| **Scenario 3 – A Trigger Event Occurs** | If a trigger event has occurred (meaning that the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes), you will receive at maturity only the stated principal amount of $1,000 plus the upside payment of $30 per note. |

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

Hypothetical Payout on the Notes

The following hypothetical examples illustrate how to calculate the payment at maturity on the notes. The following examples are for illustrative purposes only. The payment at maturity on the notes is subject to our credit risk. The below examples are based on the following terms. The actual initial index value, upside knock-out level and downside knock-out level are set forth on the cover of this document.

| | |
|---|---|
| **Stated Principal Amount:** | $1,000 per note |
| **Hypothetical Initial Index Value:** | 2,200 |
| **Hypothetical Upside Knock-Out Level:** | 2,640 (120% of the hypothetical initial index value) |
| **Hypothetical Downside Knock-Out Level:** | 1,760 (80% of the hypothetical initial index value) |
| **Upside Payment:** | $30 (3.00% of the stated principal amount) |
| **Interest:** | None |

**EXAMPLE 1: A Trigger Event HAS occurred.**

In this example, the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes. Therefore, a trigger event has occurred and investors receive at maturity only the stated principal amount of $1,000 plus the upside payment, regardless of the performance of the underlying index. The investor would receive a payment at maturity of $1,030 per note, or a return of 3.00%, but would not participate in any performance of the underlying index because a trigger event has occurred.

**EXAMPLE 2: A Trigger Event HAS NOT occurred and the underlying index increases by 5% from the initial index value to the final index value.**

| | |
|---|---|
| Final index value | 2,310 |
| Index return | =(2,310 – 2,200) / 2,200 = 5% |
| Payment at maturity | =$1,000 + ($1,000 x index return) |

=$1,000 + ($1,000 x 5%)
=$1,000 + $50
=$1,050

In this example, the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes. Therefore, a trigger event has not occurred, and investors receive a return at maturity equal to the index return. The payment at maturity is $1,050 per note, resulting in a return of 5%.

**EXAMPLE 3: A Trigger Event HAS NOT occurred and the underlying index decreases by 8% from the initial index value to the final index value.**

| | |
|---|---|
| Final index value | 2,024 |
| Index return | =(2,024 – 2,200) / 2,200 = - 8% |
| Payment at maturity | =$1,000 + ($1,000 x absolute index return) |
| | =$1,000 + ($1,000 x 8%) |
| | =$1,000 + $80 |
| | =$1,080 |

In this example, the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes. Therefore, a trigger event has not occurred, and investors receive a return at maturity equal to the absolute index return. The payment at maturity is $1,080 per note, resulting in a return of 8%.

If a trigger event does not occur on **any index business day** during the term of the notes, the return on the notes will equal the index return or the absolute index return, as applicable. If a trigger event occurs on **any index business day** during the term of the notes, the return on the notes will equal only the upside payment, without any participation in the performance of the underlying index.

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Risk Factors

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

§ **The notes do not pay interest and may not pay more than the stated principal amount at maturity.** If a trigger event does not occur and the final index value is equal to the initial index value, you will receive a payment at maturity of only the stated principal amount of $1,000 for each note you hold, without any positive return on your investment. If a trigger event occurs, the return on the notes will equal only the upside payment, without any participation in the performance of the underlying index. As the notes do not pay any interest, the overall return on the notes (the effective yield to maturity) may be less than the amount that would be paid on a conventional debt security of ours of comparable maturity. The notes are for investors who are concerned about principal risk but seek an equity index-based return, determined as set forth herein, and who are willing to forgo current income in exchange for the repayment of principal at maturity plus the possibility of receiving a return based on a limited range of performance of the underlying index, but only if a trigger event does not occur.

§ **You may not participate in any performance of the underlying index, and your maximum gain on the notes is limited by the upside knock-out level and downside knock-out level.** If the index closing value of the underlying index is greater than the upside knock-out level **or** less than the downside knock-out level on **any index business day** during the term of the notes, the payment at maturity will equal only the stated principal amount plus the upside payment, without any participation in the performance of the underlying index, and you will not benefit from the dual-directional feature of the notes. If the index closing value of the underlying index has remained less than or equal to the upside knock-out level **and** greater than or equal to the downside knock-out level on **each index business day** during the term of the notes, we will pay per note at maturity: (i) if the final index value is greater than or equal to the initial index value, the stated principal amount plus a return reflecting 100% of the upside performance of the underlying index, which will effectively be limited to a return of 20%, or (ii) if the final index value is less than the initial index value, the stated principal amount plus a positive return equal to the absolute value of the percentage decline, which will also effectively be limited to a positive return of 20%. Accordingly, the maximum gain on the notes is limited by the upside knock-out level and the downside knock-out level, and the maximum payment at maturity is $1,200 per $1,000 principal amount of notes, which would be payable only if a trigger event has not occurred **and** the final index value represents an appreciation of exactly 20% from the initial index value, or a decline of exactly 20% from the initial index value, as applicable. Any further appreciation of the underlying index beyond the upside knock-out level, or any further depreciation of the underlying index beyond the downside knock-out level, each measured as of the close of trading on **each index business day** during the term of the notes, will result in a payment at maturity of only the stated principal amount plus the upside payment, without any participation in the performance of the underlying index.

§ **The market price of the notes will be influenced by many unpredictable factors.** Several factors will influence the value of the notes in the secondary market and the price at which MS & Co. may be willing to purchase or sell the notes in the secondary market, including whether or not a trigger event has occurred, the value of the underlying index at any time and, in particular, on the valuation date, the volatility (frequency and magnitude of changes in value) of the underlying index, dividend rate on the stocks underlying the index, interest and yield rates in the market, time remaining until the notes mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying index or equities markets generally and which may affect the final index value of the underlying index and any actual or anticipated changes in our credit ratings or credit spreads. The value of the underlying index may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. See "S&P 500® Index Overview" below. You may receive less, and possibly significantly less, than the stated principal amount per note if you try to sell your notes prior to maturity.

§ **The notes 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 notes.** You are dependent on our ability to pay all amounts due on the notes at maturity and therefore you are subject to our credit risk. The notes are not guaranteed by any other entity. If we default on our obligations under the notes, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the notes 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 notes.

§ **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

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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 final index value is not based on the value of the underlying index at any time other than the valuation date.** The final index value will be based on the index closing value on the valuation date, subject to postponement for non-index business days and certain market disruption events. Assuming a trigger event does not occur, even if the value of the underlying index moves in a favorable manner prior to the valuation date but then moves in an unfavorable manner by the valuation date, the payment at maturity may be significantly less than it would have been had the payment at maturity been linked to the value of the underlying index prior to such appreciation. Although the actual value of the underlying index on the stated maturity date or at other times during the term of the notes may be different than the final index value, as determined on the valuation date, the final index value will be based solely on the index closing value of the underlying index on the valuation date.

§ **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 notes in the original issue price reduce the economic terms of the notes, cause the estimated value of the notes 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 notes 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 notes in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the notes less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the notes 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 notes in the secondary market, absent changes in market conditions, including those related to the underlying index, 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 notes 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 notes than those generated by others, including other dealers in the market, if they attempted to value the notes. 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 notes in the secondary market (if any exists) at any time. The value of your notes 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 notes will be influenced by many unpredictable factors" above.

§ **Adjustments to the underlying index could adversely affect the value of the notes**. The publisher of the underlying index can add, delete or substitute the stocks underlying the index, and can make other methodological changes required by certain events relating to the underlying stocks, such as stock dividends, stock splits, spin-offs, rights offerings and extraordinary dividends, that could change the value of the underlying index. Any of these actions could adversely affect the value of the notes. The publisher of the underlying index may also discontinue or suspend calculation or publication of the underlying index 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 index. MS & Co. could have an economic interest that is different than that of investors in the notes insofar as, for example, MS & Co. 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, the index closing value will be an amount based on the values of 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 underlying index.

§ **Investing in the notes is not equivalent to investing in the underlying index.** Investing in the notes is not equivalent to investing in the underlying index or its component stocks. As an investor in the notes, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index. See "Hypothetical Payout on the Notes" above.

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Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

§ **The notes will not be listed on any securities exchange and secondary trading may be limited. Accordingly, you should be willing to hold your notes for the entire 2-year term of the notes.** The notes will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the notes. MS & Co. may, but is not obligated to, make a market in the notes and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the notes, 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 notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Since other broker-dealers may not participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes 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 notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

§ **The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the notes.** As calculation agent, MS & Co. has determined the initial index value, will determine whether a trigger event occurs and the final index value, if applicable, 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 index closing value in the event of a discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see “Description of Equity-Linked Notes—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 for equity-linked notes. In addition, MS & Co. has determined the estimated value of the notes on the pricing date.

§ **Hedging and trading activity by our affiliates could potentially adversely affect the value of the notes.** One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the notes (and to other instruments linked to the underlying index or its component stocks), including trading in the stocks that constitute the underlying index as well as in other instruments related to the underlying index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the valuation date approaches. Some of our affiliates also trade the stocks that constitute the underlying index and other financial instruments related to the underlying index 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 have affected the initial index value, and, therefore, could have affected the value that will be used to determine the payment at maturity. Additionally, such hedging or trading activities during the term of the notes, including on the valuation date, could affect the closing value of the underlying index, and, accordingly, the amount of cash an investor will receive at maturity.

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

S&P 500® Index Overview

The S&P 500® Index, which is calculated, maintained and published by S&P Dow Jones Indices LLC ("S&P"), consists of stocks of 500 component companies selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500® 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.

Information as of market close on February 28, 2019:

| | |
|---|---|
| **Bloomberg Ticker Symbol:** | SPX |
| Current Index Value: | 2,784.49 |
| 52 Weeks Ago: | 2,713.83 |
| 52 Week High (on 9/20/2018): | 2,930.75 |
| 52 Week Low (on 12/24/2018): | 2,351.10 |

The following graph sets forth the daily index closing values of the underlying index for each quarter in the period from January 1, 2014 through February 28, 2019. The related table sets forth the published high and low closing values, as well as end-of-quarter closing values, of the underlying index for each quarter in the same period. The index closing value of the underlying index on February 28, 2019 was 2,784.49. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The underlying index has at times experienced periods of high volatility. You should not take the historical values of the underlying index as an indication of its future performance, and no assurance can be given as to the index closing value of the underlying index on any day, including the valuation date.

S&P 500® Index Daily Index Closing Values

January 1, 2014 to February 28, 2019

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

| S&P 500® Index | High | Low | Period End |
|---|---|---|---|
| **2014** | | | |
| 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 |
| **2015** | | | |
| 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 |
| **2016** | | | |
| 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 |
| **2017** | | | |
| First Quarter | 2,395.96 | 2,257.83 | 2,362.72 |
| Second Quarter | 2,453.46 | 2,328.95 | 2,423.41 |
| Third Quarter | 2,519.36 | 2,409.75 | 2,519.36 |
| Fourth Quarter | 2,690.16 | 2,529.12 | 2,673.61 |
| **2018** | | | |
| First Quarter | 2,872.87 | 2,581.00 | 2,640.87 |
| Second Quarter | 2,786.85 | 2,581.88 | 2,718.37 |
| Third Quarter | 2,930.75 | 2,713.22 | 2,913.98 |
| Fourth Quarter | 2,925.51 | 2,351.10 | 2,506.85 |
| **2019** | | | |
| First Quarter (through February 28, 2019) | 2,796.11 | 2,447.89 | 2,784.49 |

“Standard & Poor’s®,” “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.

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

Additional Terms of the Notes

Please read this information in conjunction with the summary terms on the front cover of this document.

**Additional Terms:**

If the terms described herein are inconsistent with those described in the accompanying product supplement, index supplement or prospectus, the terms described herein shall control.

| | |
|---|---|
| **Underlying index publisher:** | S&P Dow Jones Indices LLC, or any successor thereof |
| **Denominations:** | $1,000 and integral multiples thereof |
| **Interest:** | None |
| **Call right:** | The notes are not callable prior to the maturity date |
| **Postponement of maturity date:** | If the valuation date is postponed so that it falls less than two business days prior to the scheduled maturity date, the maturity date will be postponed to the second business day following the valuation date as postponed. |
| **Equity-linked notes:** | All references to "equity-linked notes" or related terms in the accompanying product supplement for equity-linked notes shall be deemed to refer to dual directional knock-out notes when read in conjunction with this document. |
| **Trustee:** | The Bank of New York Mellon |
| **Calculation agent:** | MS & Co. |
| **Issuer notice to registered note holders, the trustee and the depositary:** | In the event that the maturity date is postponed due to postponement of the valuation date, the issuer shall give notice of such postponement and, once it has been determined, of the date to which the maturity date has been rescheduled (i) to each registered holder of the notes by mailing notice of such postponement by first class mail, postage prepaid, to such registered holder's last address as it shall appear upon the registry books, (ii) to the trustee by facsimile, confirmed by mailing such notice to the trustee by first class mail, postage prepaid, at its New York office and (iii) to The Depository Trust Company (the "depositary") by telephone or facsimile, confirmed by mailing such notice to the depositary by first class mail, postage prepaid. Any notice that is mailed to a registered holder of the notes in the manner herein provided shall be conclusively presumed to have been duly given to such registered holder, whether or not such registered holder receives the notice. The issuer shall give such notice as promptly as possible, and in no case later than (i) with respect to notice of postponement of the maturity date, the business day immediately preceding the scheduled maturity date, and (ii) with respect to notice of the date to which the maturity date has been rescheduled, the business day immediately following the actual valuation date for determining the final index value. |

The issuer shall, or shall cause the calculation agent to, (i) provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, and to the depositary of the payment at maturity on or prior to 10:30 a.m. (New York City time) on the business day preceding the maturity date and (ii) deliver the aggregate cash amount due with respect to the notes to the trustee for delivery to the depositary, as holder of the notes, on the maturity date.

Morgan Stanley Finance LLC

Dual Directional Knock-Out Notes With Daily Trigger Monitoring due March 4, 2021

Based on the Value of the S&P 500® Index

Additional Information About the Notes

| | |
|---|---|
| **Additional Information:** | |
| **Minimum ticketing size:** | $1,000 / 1 note |
| **Tax considerations:** | Subject to the discussion below regarding the occurrence of a trigger event prior to the issue date, in the opinion of our counsel, Davis Polk & Wardwell LLP, the notes should be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, as described in the section of the accompanying product supplement called "United States Federal Taxation—Tax Consequences to U.S. Holders." Under this treatment, if you are a U.S. taxable investor, you generally will be subject to annual income tax based on the "comparable yield" (as defined in the accompanying product supplement) of the notes, adjusted upward or downward to reflect the difference, if any, between the actual and projected amount of the payments on the notes. In addition, any gain recognized by U.S. taxable investors on the sale or exchange, or at maturity, of the notes generally will be treated as ordinary income. We have determined that the "comparable yield" for the notes is a rate of 3.1066% per annum, compounded semi-annually. Based on the comparable yield set forth above, the "projected payment |

schedule" for a note (assuming an issue price of $1,000) consists of a single projected amount equal to $ 1,063.5617 due at maturity.

You should read the discussion under "United States Federal Taxation" in the accompanying product supplement concerning the U.S. federal income tax consequences of an investment in the notes.

The following table states the amount of interest income (without taking into account any adjustment to reflect the difference, if any, between the actual and the projected amount of the contingent payment on a note) that will be deemed to have accrued with respect to a note for each accrual period (assuming a day count convention of 30 days per month and 360 days per year), based upon the comparable yield set forth above.

| ACCRUAL PERIOD | INTEREST INCOME DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER NOTE) | TOTAL INTEREST INCOME DEEMED TO HAVE ACCRUED FROM ORIGINAL ISSUE DATE (PER NOTE) AS OF END OF ACCRUAL PERIOD |
|---|---|---|
| Original Issue Date through June 30, 2019 | $9.9239 | $9.9239 |
| July 1, 2019 through December | $15.6871 | $25.6110 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 31, 2019 | | | | | | |
| January 1, 2020 through June 30, 2020 | $15.9308 | $41.5418 | | | | |
| July 1, 2020 through December 31, 2020 | $16.1783 | $57.7201 | | | | |
| January 1, 2021 through the Maturity Date | $5.8416 | $63.5617 | | | | |
| **The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of U.S. Holders' accruals of interest income and adjustments thereto in respect of the notes for U.S. federal income tax purposes, and we make no representation regarding the actual amount of the payments that will be made on the notes.** | | | (11,014) | (8,636) | (3,245) | (4,315) |

Notwithstanding the foregoing, if a trigger event occurs prior to the issue date, the notes will not be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. In this event, the notes will be treated as debt instruments issued with original issue discount ("OID") in an amount equal to the excess of the fixed payment at maturity over the "issue price" of each note. A U.S. Holder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest, regardless of such U.S. Holder's method of accounting. Gain or loss realized on the sale, exchange or maturity of a note generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the notes for more than one year.

Special rules will apply if a trigger event occurs after the issue date and more than six months prior to the maturity date. Please read the discussion under “United States Federal ify">Loss from operations

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other Income (Expense) | | - | | - | | - | | - |
| Loss before provision for income taxes | | (11,014) | | (8,636) | | (3,245) | | (4,315) |
| Provision for income taxes | | - | | - | | - | | - |
| Net Loss | | (11,014) | | (8,636) | | (3,245) | | (4,315) |
| Other Comprehensive Income | | - | | - | | - | | - |
| Comprehensive Loss | $ | (11,014) | $ | (8,636) | $ | (3,245) | $ | (4,315) |
| Earnings per share of common stock outstanding computed on net loss - basic and fully diluted | $ | (0.01) | $ | (0.00) | $ | (0.00) | $ | (0.00) |
| Weighted-average number of shares outstanding - basic and fully diluted | | 1,853,207 | | 1,853,207 | | 1,853,207 | | 1,853,207 |

The financial information presented herein has been prepared by management without audit by independent certified public accountants.
The accompanying notes are an integral part of these financial statements.

Marketing Acquisition Corporation
Statements of Cash Flows
Six months ended June 30, 2012 and 2011

(Unaudited)

| | Six months ended June 30, 2012 | Six months ended June 30, 2011 |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Net loss for the period | $(11,014) | $(8,636) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | |
| Depreciation and amortization | - | - |
| (Increase) Decrease in | | |
| Prepaid consulting fees | - | 3,746 |
| Increase (Decrease) in | | |
| Accounts payable - trade | (1,500) | (2,100) |
| Net cash used in operating activities | (12,514) | (6,990) |
| Cash Flows from Investing Activities | - | - |
| Cash Flows from Financing Activities | | |
| Capital contributed to support operations | 12,514 | 6,990 |
| Net cash provided by financing activities | 12,514 | 6,990 |
| Increase (Decrease) in Cash | - | - |
| Cash at beginning of period | - | - |
| Cash at end of period | $- | $- |
| Supplemental Disclosure of Interest and Income Taxes Paid | | |
| Interest paid for the year | $- | $- |
| Income taxes paid for the year | $- | $- |

The financial information presented herein has been prepared by management without audit by independent certified public accountants.
The accompanying notes are an integral part of these financial statements.

Marketing Acquisition Corporation
Notes to Financial Statements
June 30, 2012 and December 31, 2011

Note A - Organization and Description of Business

Marketing Acquisition Corporation (Company) was originally incorporated on July 26, 1990 in accordance with the Laws of the State of Florida as Marketing Educational Corporation. The Company changed its corporate name to Marketing Acquisition Corporation on February 28, 2006.

On June 13, 2006, the Company changed its state of incorporation from Florida to Nevada by means of a merger with and into a Nevada corporation formed on June 8, 2006 solely for the purpose of effecting the reincorporation. The Articles of Incorporation and Bylaws of the Nevada corporation are the Articles of Incorporation and Bylaws of the surviving corporation. Such Articles of Incorporation modified the Company's capital structure to allow for the issuance of up to 100,000,000 shares of $0.001 par value common stock and up to 50,000,000 shares of $0.001 par value preferred stock.

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. The educational materials marketed by the Company consisted of encyclopedias, learning books, educational audio and video tapes which were designed to be used in various combinations to accommodate the educational levels and needs of families with children of all ages. During the year ended December 31, 1992, the Company sold or otherwise disposed of all assets and operations in order to settle then-outstanding indebtedness.

Since December 31, 1992, the Company has had no operations, significant assets or liabilities.

The Company's current business plan is to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Note B - Preparation of Financial Statements

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has a year-end of December 31.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-K containing the Company's financial statements for the year ended December 31, 2011. The information presented within these interim financial statements may not include all disclosures required by generally accepted accounting principles and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-Q, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending December 31, 2012.

Marketing Acquisition Corporation
Notes to Financial Statements - Continued
June 30, 2012 and December 31, 2011

Note C - Going Concern Uncertainty

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. This venture was unsuccessful and all business operations were abandoned during 1992. Since December 31, 1992, the Company has had no operations, assets or liabilities. The Company's current business plan is to seek an acquisition or merger with a private operating company which offers an opportunity for growth and possible appreciation of our stockholders' investment in the then issued and outstanding common stock. However, there is no assurance that the Company will be able to successfully consummate an acquisition or merger with a private operating company or, if successful, that any acquisition or merger will result in the appreciation of our stockholders' investment in the then outstanding common stock.

Because of these factors, the Company's auditors have issued an audit opinion on the Company's financial statements which includes a statement describing our going concern status. This means, in the auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis. Further, the Company faces considerable risk in it's business plan and a potential shortfall of funding due to our inability to raise capital in the equity securities market. Management is of the belief that sufficient operating capital exists to support the Company's requirements during the next twelve months. However, should the current working capital be insufficient, the Company may become reliant on additional funds loaned by management and/or significant stockholders. In this scenario, the Company's current majority stockholder intends to continue the funding of nominal necessary expenses to sustain the corporate entity. However, the Company is at the mercy of future economic trends and business operations for the Company's majority stockholder to have the resources available to support the Company. Should this pledge fail to provide financing, the Company has not identified any alternative sources of working capital to support the Company.

In such a restricted cash flow scenario, the Company may be unable to complete its business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

The Company's Articles of Incorporation authorize the issuance of up to 50,000,000 million shares of preferred stock and 100,000,000 shares of common stock. The Company's ability to issue preferred stock may limit the Company's ability to obtain debt or equity financing as well as impede potential takeover of the Company, which takeover may be in the best interest of stockholders. The Company's ability to issue these authorized but unissued securities may also negatively impact our ability to raise additional capital through the sale of our debt or equity securities.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach its goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

Note D - Summary of Significant Accounting Policies

1. Cash and cash equivalents

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Marketing Acquisition Corporation
Notes to Financial Statements - Continued
June 30, 2012 and December 31, 2011

Note D - Summary of Significant Accounting Policies - Continued

2. Income Taxes

The Company files income tax returns in the United States of America and various states, as appropriate and applicable. Pursuant to the applicable Statutes, the Company is no longer subject to U.S. federal, state and local, as applicable, income tax examinations by regulatory taxing authorities for any period prior to January 1, 2009. The Company does not anticipate any examinations of returns filed for periods ending after December 31, 2008.

The Company uses the asset and liability method of accounting for income taxes. At June 30, 2012 and December 31, 2011, respectively, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences generally represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

The Company has adopted the provisions required by the Income Taxes topic of the FASB Accounting Standards Codification. The Codification Topic requires the recognition of potential liabilities as a result of management's acceptance of potentially uncertain positions for income tax treatment on a "more-likely-than-not" probability of an assessment upon examination by a respective taxing authority. As a result of the implementation of Codification's Income Tax Topic, the Company did not incur any liability for unrecognized tax benefits.

3. Income (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the respective period presented in our accompanying financial statements.

Fully diluted earnings (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of common stock equivalents (primarily outstanding options and warrants).

Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date.

As of June 30, 2012 and 2011, respectively, the Company had no outstanding stock warrants, options or convertible securities which could be considered as dilutive for purposes of the loss per share calculation.

4. Recent Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flows.

Note E - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

Marketing Acquisition Corporation
Notes to Financial Statements - Continued
June 30, 2012 and December 31, 2011

Note F - Related Party Transactions

In June 2010, the Company paid Halter Financial Group, LP, an entity affiliated with the Company's controlling stockholder and controlled by the Company's sole officer and director, the sum of $23,000 for management and consulting services. The agreement was for an unspecified period of time and was amortized through March 31, 2011.

Note G- Income Taxes

The components of income tax (benefit) expense for each of the six month periods ended June 30, 2012 and 2011 are as follows:

| | Six months ended June 30, 2012 | Six months ended June 30, 2011 |
|---|---|---|
| Federal: | | |
| Current | $ - | $ - |
| Deferred | - | - |
| | - | - |
| State: | | |
| Current | - | - |
| Deferred | - | - |
| | - | - |
| Total | $ - | $ - |

The Company has a net operating loss carryforward of approximately $80,000 for Federal income tax purposes. The amount and availability of any future net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

The Company's income tax expense (benefit) for each of the six month periods ended June 30, 2012 and 2011, respectively, differed from the statutory federal rate of 34 percent as follows:

| | Six months ended June 30, 2012 | Six months ended June 30, 2011 |
|---|---|---|

| | | |
|---|---|---|
| Statutory rate applied to income before income taxes | $(3,700 ) | $(2,900 ) |
| Increase (decrease) in income taxes resulting from: | | |
| State income taxes | - | - |
| Other, including reserve for deferred tax asset and application of net operating loss carryforward | 3,700 | 2,900 |
| Income tax expense | $- | $- |

(Remainder of this page left blank intentionally)

9

Marketing Acquisition Corporation
Notes to Financial Statements - Continued
June 30, 2012 and December 31, 2011

Note G - Income Taxes - Continued

Temporary differences, which consist principally of net operating loss carryforwards, statutory deferrals of expenses for organizational costs and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and/or liabilities, as appropriate. As of June 30, 2012 and December 31, 2011, respectively, after giving effect to the March 2007 change in control, the deferred tax asset is as follows:

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| Deferred tax assets | | |
| Net operating loss carryforwards | $27,100 | $23,400 |
| Less valuation allowance | (27,100) | (23,400) |
| Net Deferred Tax Asset | $- | $- |

During the six months ended June 30, 2012 and the year ended December 31, 2011, respectively, the valuation allowance for the deferred tax asset increased by approximately $3,700 and $6,200.

Note H - Subsequent Events

Management has evaluated all activity of the Company through August 6, 2012 (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

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Part I - Item 2

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Caution Regarding Forward-Looking Information

Certain statements contained in this annual filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions: demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-K and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

General

The Company was originally incorporated as Marketing Educational Corp. on July 26, 1990 in accordance with the Laws of the State of Florida.

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. The educational materials marketed by the Company consisted of encyclopedias, learning books, educational audio and video tapes which were designed to be used in various combinations to accommodate the educational levels and needs of families with children of all ages.

Effective at the close of business on September 30, 1992, as reported on a Form 8-K, filed October 7, 1992, the Company experienced a change in management. As a result of this event, the Company effectively liquidated all operations and assets and became a dormant entity at that point. The Company suspended its reporting under the Exchange Act due to a lack of operating capital.

Since September 30, 1992, the Company has had no operations, significant assets or liabilities.

The Company’s current principal business activity is to seek a suitable reverse acquisition candidate through acquisition, merger or other suitable business combination method.

Results of Operations

The Company had no revenue for either of the six month periods ended June 30, 2012 or 2011, respectively.

General overhead expenses for each of the six month periods ended June 30, 2012 and 2011, respectively, were approximately $11,000 and $8,600. These expenses were primarily related to the maintenance of the corporate entity and the preparation and filing of periodic reports pursuant to the Exchange Act.

In June 2010, the Company paid Halter Financial Group, LP, an entity affiliated with the Company's controlling stockholder and controlled by the Company's sole officer and director, the sum of $23,000 for management and consulting services. The agreement was for an unspecified period of time and was amortized through March 31, 2011.

Earnings per share for the respective six month periods ended June 30, 2012 and 2011 were $(0.01) and $(0.00) based on the weighted-average shares issued and outstanding at the end of each respective period.

It is anticipated that future expenditure levels will remain in line relatively consistent until such time that the Company completes a business combination transaction. Upon completion of a business combination transaction, it is anticipated that the Company's expenses will increase significantly.

The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under the Exchange Act unless and until such time that the Company begins meaningful operations.

Plan of Business

General

The Company's current purpose is to seek, investigate and, if such investigation warrants, merge or acquire an interest in business opportunities which desire to seek the perceived advantages of an Exchange Act registered corporation.

Pending negotiation and consummation of a combination, the Company anticipates that it will have, aside from carrying on its search for a combination partner, no business activities, and, thus, will have no source of revenue. Should the Company incur any significant liabilities prior to a combination with a private company, it may not be able to satisfy such liabilities as are incurred.

If the Company's management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is foreseeable that such efforts will exhaust the Company's ability to continue to seek such combination opportunities before any successful combination can be consummated. In that event, the Company's common stock will become worthless and holders of the Company's common stock will receive a nominal distribution, if any, upon the Company's liquidation and dissolution.

Management

The Company is a shell corporation, and currently has no full-time employees. Timothy P. Halter is the Company's sole officer, director, and controlling stockholder. All references herein to management of the Company are to Mr. Halter. Mr. Halter, as President of the Company, has agreed to allocate a limited portion of his time to the activities of the Company without compensation. Potential conflicts may arise with respect to the limited time commitment by Mr. Halter and his involvement in other comparable ventures.

The amount of time spent by Mr. Halter on the activities of the Company is not predictable. Such time may vary widely from an extensive amount when reviewing a target company to an essentially quiet time when activities of management focus elsewhere, or some amount in between. It is impossible to predict with any precision the exact amount of time Mr. Halter will actually be required to spend to locate a suitable target company. Mr. Halter estimates that the business plan of the Company can be implemented by devoting less than 4 hours per month but such figure cannot be stated with precision.

Liquidity and Capital Resources

At June 30, 2012 and December 31, 2011, respectively, the Company had working capital of $-0- and $(1,500), respectively.

The Company's ultimate existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis. Further, the Company faces considerable risk in it's business plan and a potential shortfall of funding due to our inability to raise capital in the equity securities market. If no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and additional funds loaned by management and/or significant stockholders.

The Company's business plan is to seek an acquisition or merger with a private operating company which offers an opportunity for growth and possible appreciation of our stockholders' investment in the then issued and outstanding common stock. However, there is no assurance that the Company will be able to successfully consummate an acquisition or merger with a private operating company or, if successful, that any acquisition or merger will result in the appreciation of our stockholders’ investment in the then outstanding common stock.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

The Company’s Articles of Incorporation authorize the issuance of up to 50,000,000 shares of preferred stock and 100,000,000 shares of common stock. The Company’s ability to issue preferred stock may limit the Company’s ability to obtain debt or equity financing as well as impede potential takeover of the Company, which takeover may be in the best interest of stockholders. The Company’s ability to issue these authorized but unissued securities may also negatively impact our ability to raise additional capital through the sale of our debt or equity securities.

In the event that insufficient working capital to maintain the corporate entity and implement our business plan is not available, the Company’s majority stockholder intends to maintain the corporate status of the Company and provide all necessary working capital support on the Company's behalf. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

Further, the Company is at the mercy of future economic trends and business operations for the Company's majority stockholder to have the resources available to support the Company.

In such a restricted cash flow scenario, the Company would be unable to complete its business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach its goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

The Company's need for capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

The Company has no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that sufficient funds will be available to the Company to allow it to cover the expenses related to such activities.

Regardless of whether the Company's cash assets prove to be inadequate to meet the Company's operational needs, the Company might seek to compensate providers of services by issuances of stock in lieu of cash.

Critical Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States (GAAP). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note D of our financial statements. While all these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

Effect of Climate Change Legislation

The Company currently has no known or identified exposure to any current or proposed climate change legislation which could negatively impact the Company's operations or require capital expenditures to become compliant. Additionally, any currently proposed or to-be-proposed-in-the-future legislation concerning climate change activities, business operations related thereto or a publicly perceived risk associated with climate change could, potentially, negatively impact the Company's efforts to identify an appropriate target company which may wish to enter into a business combination transaction with the Company.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

In future periods, the Company may become subject to certain market risks, including changes in interest rates and currency exchange rates. At the present time, the Company has no identified exposure and does not undertake any specific actions to limit exposures, if any.

Item 4 - Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive and Financial Officer (Certifying Officer), has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15 promulgated under the Exchange Act as of the end of the period covered by this Quarterly Report. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our Certifying Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our Certifying Officer concluded that as of such date, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in our reports is recorded, processed, summarized and reported within the time periods specified by the SEC due to a inherent weakness in our internal controls over financial reporting due to our status as a shell corporation and having a sole officer and director. However, our Certifying Officer believes that the financial statements included in this report fairly presents, in all material respects, our financial condition, results of operations and cash flows for the respective periods presented.

(b) Changes in Internal Controls

There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the quarter ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1 - Legal Proceedings

None

Item 2 - Recent Sales of Unregistered Securities and Use of Proceeds

None

Item 3 - Defaults on Senior Securities

None

Item 4 - Mine Safety Disclosures

None

Item 5 - Other Information

None

Item 6 - Exhibits

31.1 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002

101 Interactive data files pursuant to Rule 405 of Regulation S-T.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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| | Marketing Acquisition Corporation |
| Dated: August 14, 2012 | By: /s/ Timothy P. Halter<br>Timothy P. Halter<br>Chairman, Chief Executive Officer,<br>Chief Financial Officer and Director |



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