Commodity Autocallable Note (GBP-3 Year)

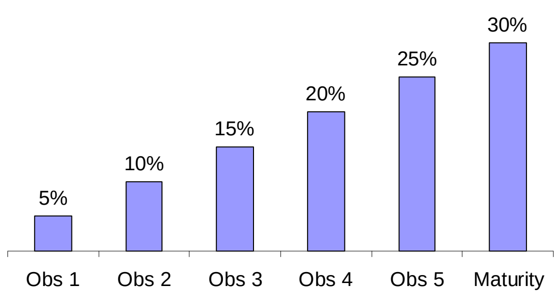
The Commodity Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a slightly positive view on agricultural commodities. On the first semi-annual observation that all of the underlying commodities are flat or positive, the notes redeem automatically at an attractive preset amount.

The high returns available on this product reflect the high market volatility. If the note does not redeem automatically, the capital is 95% protected. Available in Sterling denomination.

BONUS RETURNS

The note accumulates a fixed capital growth amount of 5% each semi annual period. If, on any of semi-annual observation dates, all of underlying commodities (Corn, Cotton, Sugar) are at or above their initial levels, the note redeems automatically and investors receive their original investment plus the capital growth accumulated to date.

Automatic Redemption Bonuses



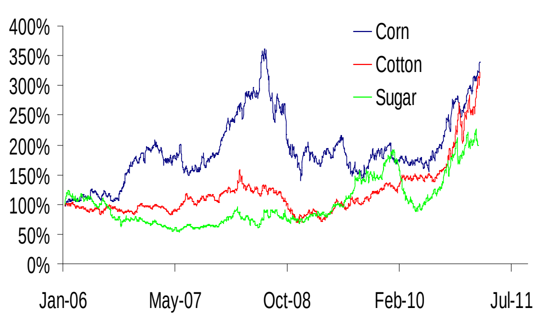
REDEMPTION AT MATURITY

If there is no automatic redemption in years 1 to 3, the repayment at maturity is:

- Investors receive 95% of their initial investment

HISTORICAL PERFORMANCE

5 year performance of Corn, Cotton and Sugar



The table shows how the redemption at maturity varies depending on the worst performing of the three commodities:

Performance of Commodity with Worst Performance (of initial level)	Redemption at Maturity
140%	130%
120%	130%
100%	130%
80%	95%
60%	95%
50%	95%
40%	95%
20%	95%
0%	95%

UNDERLYING BASKET

No.	Underlying Commodity	Bberg Code
1	Corn	C1 Cmdty
2	Cotton No.2	CT1 Cmdty
3	Sugar #11 World	SB1 Cmdty

KEY FEATURES

- Five opportunities for early redemption, with attractive semi annual growth of 5%
- GBP denominated
- Linked to a basket of commodities
- Secondary market provided by Morgan Stanley[1]
- London listed
- 95% capital protection

[1] in normal market conditions and subject to internal policy and applicable laws and regulations

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0611907592
Underlyings	Corn (C 1) Cotton #2 (CT 1) Sugar #11 World (SB 1)
Currency	GBP
Maturity	3 years
Nominal Size	GBP 100 ("Par")
Pricing Date	6 May 2011
Issue/Settlement Date	13 May 2011
Observation Dates	1: 7 November 2011 2: 8 May 2012 3: 6 November 2012 4: 7 May 2013 5: 6 November 2013 6: 6 May 2014 (Final Observation Date)
Final Level	Level as of 6 May 2014

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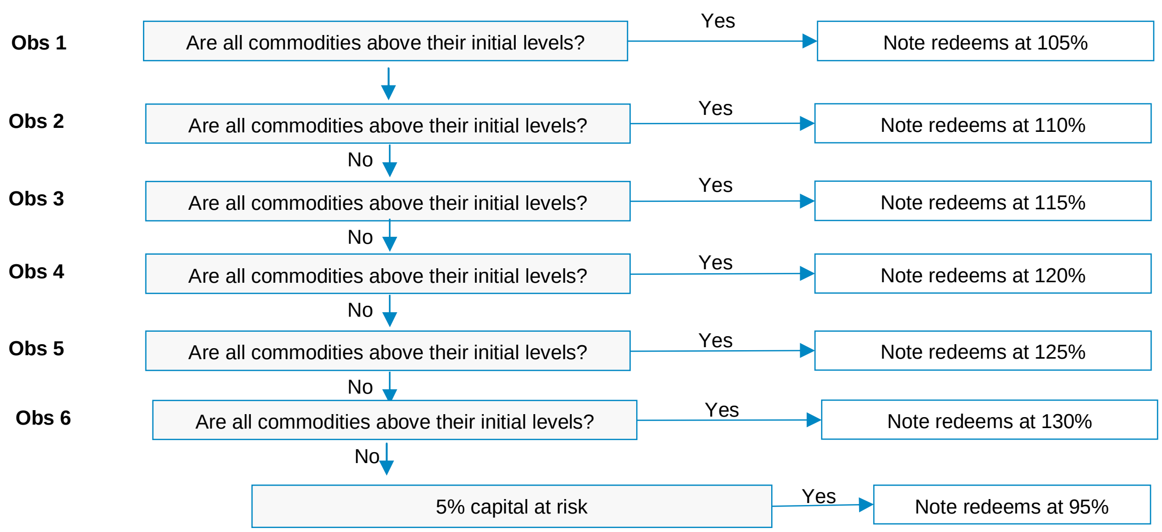
PAYOUT DIAGRAM



INVESTMENT CONSIDERATIONS

- The redemption amounts described are provided only at maturity. If the notes are not held until maturity, the price will depend on numerous factors, including the level and volatility of the underlying basket, the remaining time to maturity, interest rates and the perception of the issuer's credit quality, and may be below par.
- Credit risk. Although the notes are designed to provide the returns described, this depends on the ability of the issuer (Morgan Stanley) to meet its financial obligations.
- Adjustment and Disruption Risk: The commodities markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the values of the Underlying Commodity and, therefore, the Final Redemption Amount in respect of the Notes.
- Adjustments by the Determination Agent: The terms and conditions of the Notes will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Notes or any exchanges are affected by market disruption, adjustment events or circumstances affecting normal activities
- Credit Risk: The holder of the Notes will be exposed to the credit risk of the Issuer.
- Commodity Risk: Prices for commodities are affected by a variety of factors, including changes in supply and demand relationships, governmental programs and policies, national and international political and economic events, wars and acts of terror, changes in interest and exchange rates, trading activities in commodities and related contracts, weather, and agricultural, trade fiscal, monetary and exchange control policies. The price volatility of each commodity also affects the value of the futures and forward contracts related to that commodity and therefore its price at any such time. These factors may affect the prices for the Underlying Commodity and the value of the Notes in varying ways and may cause the closing levels and closing prices of the Underlying Commodity to move in inconsistent directions and at inconsistent rates.
- Exit Risk: The secondary market price of the Notes will depend on many factors, including the value and volatility of the Underlying Commodity, the price of the Underlying Commodity at any time on any day and the time left until the maturity of the Notes, interest rates, time remaining to maturity and the creditworthiness of the Issuer. Therefore the holder may receive an amount which may be less that the then intrinsic market value of the Notes and which may also be less than the amount the holder would have received had the holder held the Notes through to maturity.
- Hedging Risk: On or prior to and after the Trade Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Notes by taking positions in the Underlying Commodity, in option contracts on the Underlying Commodity or positions in any other available securities or instruments. In addition, the Issuer and its affiliates trade the Underlying Commodity as part of their general businesses. Any of these activities could potentially affect the value of the Underlying Commodity Reference Prices, including on the Determination Date, and accordingly, could significantly affect the payout to holders on the Notes.
- Potential Conflict of Interest: The Determination Agent is an affiliate of the Issuer and the economic interests of the Determination Agent may be adverse to the interests of holders of the Notes. Determinations made by the Determination Agent, including in the event of a market disruption may affect the amount payable to holders pursuant to the terms of the Notes.

IMPORTANT INFORMATION

The Commodity Reference Price for each Underlying Commodity are listed below:

1. **Corn:** (CORN-CBOT) The official settlement price per bushel of deliverable grade corn on the CBOT of the first nearby month futures contract; provided that any pricing date after the date of the Last Trade of the Options Contract (if there is more than one Options Contract, then the Options Contract with the latest date) pertaining to the first nearby month futures contract (the "Last Trading Day"), shall look to the second nearby month futures contract, stated in U.S. cents, as made public by the CBOT
2. **Cotton**: (COTTON NO.2 –NYBOT) The official settlement price per pound of deliverable grade cotton No. 2 on the NYBOT of the first nearby month futures contract; provided that any pricing date after the date of the Last Trade of the Options Contract (if there is more than one Options Contract, then the Options Contract with the latest date) pertaining to the first nearby month futures contract (the "Last Trading Day"), shall look to the second nearby month futures contract, stated in U.S. cents, as made public by the NYBOT
3. **Sugar**: (SUGAR # 11 (WORLD)-NYBOT) The official settlement price per pound of deliverable grade sugar cane on the NYBOT of the first nearby month futures contract; provided that any pricing date after the date of the Last Trade of the Options Contract (if there is more than one Options Contract, then the Options Contract with the latest date) pertaining to the first nearby month futures contract (the "Last Trading Day"), shall look to the second nearby month futures contract, stated in U.S. cents, as made public by the NYBOT

Official Settlement Price in all cases

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