FTSE Growth 50/50 Split Note (5Y, GBP)

A MORGAN STANLEY BACKED INVESTMENT OPPORTUNITY

Full Capital Protection

*50% - attracting a **fixed rate return** and capital repayment end of year 1*

*50%- **participating in FTSE performance** across the 5 year term*

The FTSE Growth 50/50 Split Note is designed for investors who are looking for an attractive fixed capital return for first year of the note and also a capped exposure to the underlying index based on a slightly positive view on the FTSE 100 Index over the whole term of the note.

The returns available on this product offer stability to investors in highly volatile market conditions. Investors have this opportunity as well as having their initial capital fully protected. If the index is trading below it's initial level at maturity the investor will still receive 100% of their initial capital.

50% of the principal amount will provide for the fixed payment on the fixed payment date (after 1 year) and 50% of the principal amount will provide for equity payment at the equity payment date (at maturity of the note).

REDEMPTION AT FIXED PAYMENT DATE

The note accumulates a fixed capital growth amount of 5% which will be be paid, along with 50% of the principal amount at the fixed payment date. So in total, 52.5% of the total principal will be returned at the fixed payment date. This performance is independent of the Underlying index.

Performance of Underlying Index at Fixed Payment Date (% of initial Index Level)	Redemption amount at Fixed Payment Date (% return on 50% of principal)
120%	105%
110%	105%
100%	105%
90%	105%
80%	105%

REDEMPTION AT EQUITY PAYMENT DATE

1. 50% of the total initial principal will be for equity payment
2. The underlying performance up to a cap of 46.666%
3. The capped underlying performance is multiplied by the participation rate, 75%.

Therefore max return = 75% * 46.666% = 35%

An amount equal to this will be paid on the equity payment date

The underlying perfromance is defined as:

$$\frac{\textit{Index Final Level - Index Initial Level}}{\textit{Index Initial Level}}$$

Where the initial Level is the official closing level of the Underlying on the strike date and the Index Final Level is the arithmetic average of the closing levels of the Underlying on the Exchange as published by the Index sponsor on the Averaging dates. There will be 13 Observation dates occurring monthly between 4 November 2015 and 4 November 2016.

Scenario 1: The average index level over the averaging period is above 100% of the Initial Index Level.

- Investors receive 50% of their total initial investment plus the growth in the index up to a maximum return of 35% on 50% of the investment at the equity payment date.

Scenario 2: The average Index Level over the averaging period is at or below 100% of the intial index level.

- Investors receive 50% of their total investment at the equity payment date.

Capital is 100% protected even if the Index Final level is below the initial intial Index Level. For example, if the Index Final Level has fallen by 20% during the life and is at 80% at maturity, investors suffer no loss and the redemption amount is 100% of principal attibuted to the equity payment.

The table shows how the equity payment redemption at maturity varies depending on the Index Final Level.

Index Final Level at Equity Payment Date (% of Initial Index Level)	Growth in the Index (% growth since intial	Capped Growth * Participation (75%)- (*) up to a maximum return of 35%	Redemption amount at Equity Payment Date (% return on 50% of the principal)
180%	80%	35%	135%
170%	70%	35%	135%
160%	60%	35%	135%
150%	50%	35%	135%
140%	40%	30%	130%
130%	30%	22.5%	122.5%
120%	20%	15%	115%
110%	10%	7.5%	107.5%
100%	0%	0%	100%
90%	0%	0%	100%
70%	0%	0%	100%
50%	0%	0%	100%

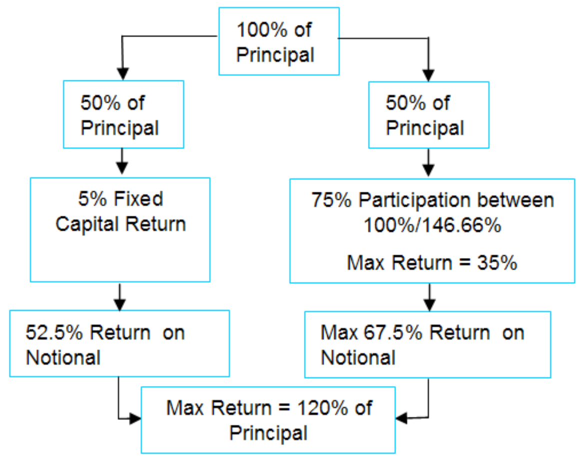
(*)= multiplied by

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0691555964
Underlyings	FTSE 100 Index (UKX)
Currency	GBP
Maturity	5 years
Nominal Size	GBP 100 ("Par")
Pricing Date	4 November 2011
Issue/Settlement Date	11 November 2011
Fixed Payment Date	12 November 2012
Equity Payment Date	11 November 2016
Averaging Dates	1: 4^{th} November 15 2: 4^{th} December 15 3: 4^{th} January 2016 4: 4^{th} February 2016 5: 4^{th} March 2016 6: 4^{th} April 2016 7: 4^{th} May 2016 8: 6^{th} June 2016 9: 4^{th} July 2016 10: 4^{th} August 2016 11: 5^{th} September 2016 12: 4^{th} October 2016 13: 4^{th} November 2016
Final Index Level	Index level as of 4^{th} November 2016

KEY FEATURES

- Fixed capital return of 52.5% of total principal at fixed payment date
- For 50% of the principal, there is a maximum return of 35% on 50% of the principal to be paid at the equity payment date
- Capital is 100% protected and independent of underlying performance
- Denominated in GBP



INVESTMENT CONSIDERATIONS

- Credit Risk: The holder of the Notes will be exposed to the credit risk of the Issuer.
- Market Risk: The return on the Notes is linked to the performance of the underlying indices, the future performance of which cannot be guaranteed.
- Liquidity Risk: The Notes will not be traded on an organized exchange. Although Morgan Stanley & Co. International plc will use reasonable efforts to quote bid and offer prices (subject to internal policy and applicable laws and regulations), the liquidity of the Notes may be limited.
- Exit Risk: The secondary market price of the Notes will depend on many factors, including the value and volatility of the underlying indices, interest rates, the dividend rate on the stocks that comprise the equity index, time remaining to maturity and the creditworthiness of the Issuer. Prior to maturity, the holder may receive an amount which may be less than the amount the holder would have received on maturity of the Note.
- Interest Risk: Unlike ordinary debt securities, the Notes do not pay interest. The return of the Note will not compensate you for the effects of inflation and other factors relating to the value of money over time.
- The Notes offer partial capital protection. You could lose a portion of your initial investment.
- Investors do not receive any dividends paid to holders of shares in the underlying index.

Potential investors should refer to the principal memorandum and supplemental memorandum for a description of the risk factors associated with this product.

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