

Autocallable Note on FTSE 100 and S&P GSCI Crude Oil

A MORGAN STANLEY BACKED INVESTMENT OPPORTUNITY

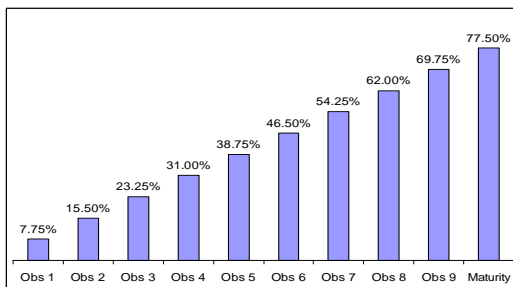
The Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a slightly positive view on the FTSE 100 and S&P GSCI Crude Oil indices. On the first semi-annual observation the notes redeem automatically at an attractive preset amount.

The high returns available on this product reflect depressed market values and high market volatility. Investors have this opportunity in exchange for accepting the risk of capital loss. If the note does not redeem automatically, capital is at risk if any of the indices trade at or below 50% of its initial level throughout the term.

BONUS RETURNS

The note accumulates a fixed capital growth amount of 7.75% each semi annual period. If, on any of semi-annual observation dates, both of the indices 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 5, the repayment at maturity depends on the performance of all the indices. There are two scenarios:

Scenario 1: all the indices remain above 50% of their initial levels throughout the term.

- Investors receive 100% of their initial investment

Scenario 2: one of the indices has traded at or below 50% of its initial level during the term of the contract.

- Capital is at risk on a 1-1 basis if the worst performing index finishes below the initial level. The redemption amount reflects the performance of the worst performing of the two indices. For example, if the worst performing index has fallen by 60% during the life and is at 40%, investors suffer a 60% loss and the redemption amount is 40% of the initial investment

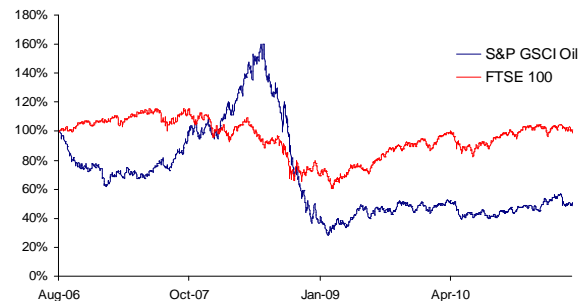
The table shows how the redemption at maturity varies depending on the worst performing of the two indices, and whether any index has is at or below 50% of its initial level during the term.

Performance of Index with Worst Performance (% of initial level)	Redemption at Maturity	
	50% barrier <u>not</u> breached during the term	50% barrier breached during the term
140%	177.5%	
120%	177.5%	
100%	177.5%	
80%	100%	80%
60%	100%	60%
50%	n/a	50%
40%	n/a	40%
20%	n/a	20%
0%	n/a	0%

HISTORICAL PERFORMANCE

The FTSE 100 and S&P GSCI Crude Oil Indices represent the largest companies listed in the UK and the Crude Oil market respectively.

5-Year Performance of FTSE 100, S&P GSCI Indices



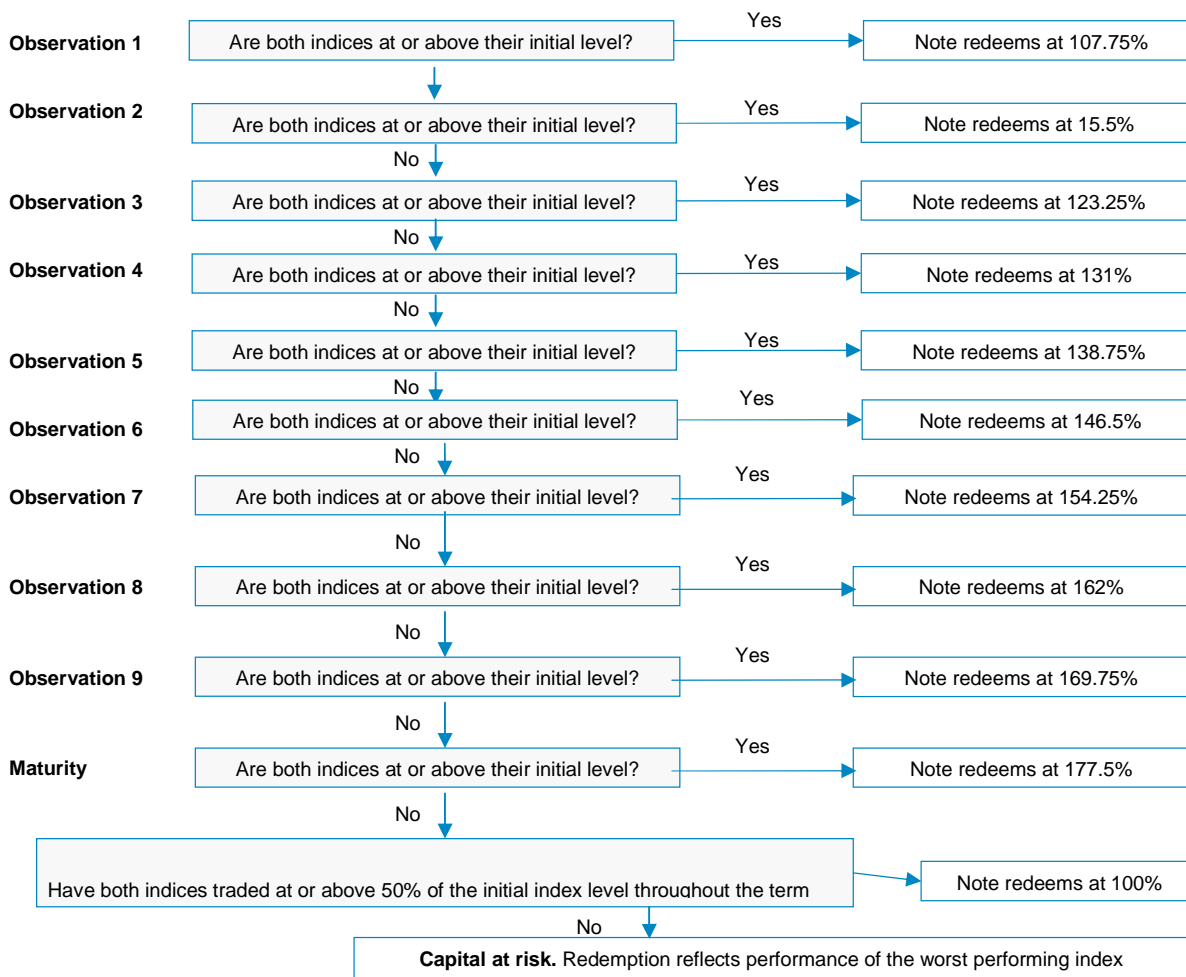
Source: Morgan Stanley / Bloomberg, 10 August 2011. Past performance is no guide to future performance.

KEY FEATURES

- Nine opportunities for early redemption, with attractive semi annual growth of 7.75%
- Potentially timely investment opportunity given the current valuation of the FTSE 100 and S&P GSCI Oil Indices
- Defensive outlook – capital is protected as long as no index has fallen below 50% of its initial level during the term of the contract
- Denominated in Sterling

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0684497588
Underlyings	FTSE 100 (UKX) S&P GSCI Crude Oil Index (SPGCCLP)
Currency	GBP
Maturity	5 years
Nominal Size	GBP 100 ("Par")
Pricing Date	28 October 2011
Issue/Settlement Date	4 November 2011
Observation Dates	1: 30 th April 2012 2: 29 th October 2012 3: 29 th April 2013 4: 28 th October 2013 5: 28 th April 2014 6: 28 th October 2014 7: 28 th April 2015 8: 28 th October 2015 9: 28 th April 2016 10: 28 th October 2016 (Final Observation Date)
Final Index Level	Index level as of 28 th October 2016



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.

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 Components of the Commodity Index and the value of the Notes in varying ways and may cause the closing levels and settlement prices of the Commodity Index to move in inconsistent directions and at inconsistent rates

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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