Autocallable Note on FTSE 100 and S&P 500 (GBP)

AN INVESTMENT OPPORTUNITY BACKED BY MORGAN STANLEY

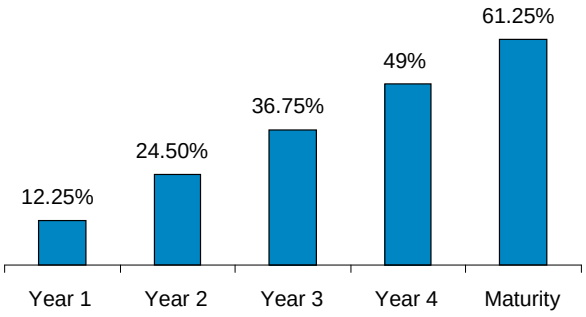
The Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a slightly positive view on the FTSE 100 and S&P 500 indices. On the first anniversary that both indices are flat or positive, the notes redeem automatically at an attractive preset amount.

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 either index trades at or below 50% of its initial level at any time during the investment term.

BONUS RETURNS

The note accumulates a fixed capital growth amount of 12.25% each year. If, on any of the anniversary dates, both 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 both indices. There are two scenarios:

Scenario 1: both indices have remained above 50% of their initial levels throughout the 5 year term.

- Investors receive 110% of their initial investment

Scenario 2: one or both indices has traded at or below 50% of its initial level, on any day during the investment term

- Capital is at risk. 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% between inception and maturity, investors also suffer a 60% loss and the redemption amount is 40% of par.

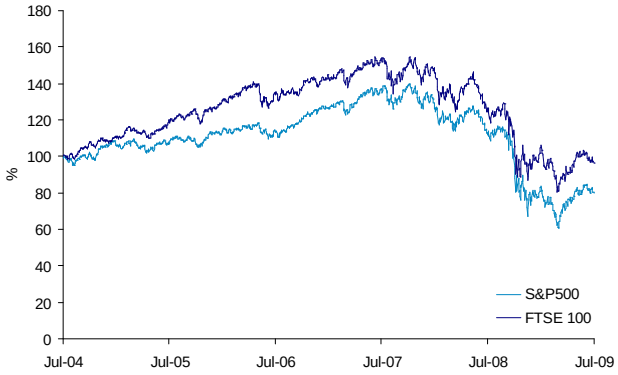
The table shows how the redemption at maturity varies depending on the worst performing of the two indices, and whether either index has ever traded at or below 50% of its initial level.

Performance of Index with Worst Performance (% of initial level)	Redemption at Maturity (assuming initial investment of £100)	
	50% barrier not breached	50% barrier breached
140%	£161.25	
120%	£161.25	
100%	£161.25	
80%	£110	£80
60%	£110	£60
50%	n/a	£50
40%	n/a	£40
20%	n/a	£20
0%	n/a	£0

HISTORICAL PERFORMANCE

The FTSE 100 Index and S&P 500 Index represent the largest companies listed in the UK and the USA, respectively. Recently, both indices have been trading at low levels not seen since 2003.

5-Year Performance of FTSE 100 and S&P 500



Source: Morgan Stanley / Bloomberg, 7 July 2009. Past performance is no guide to future performance.

KEY FEATURES

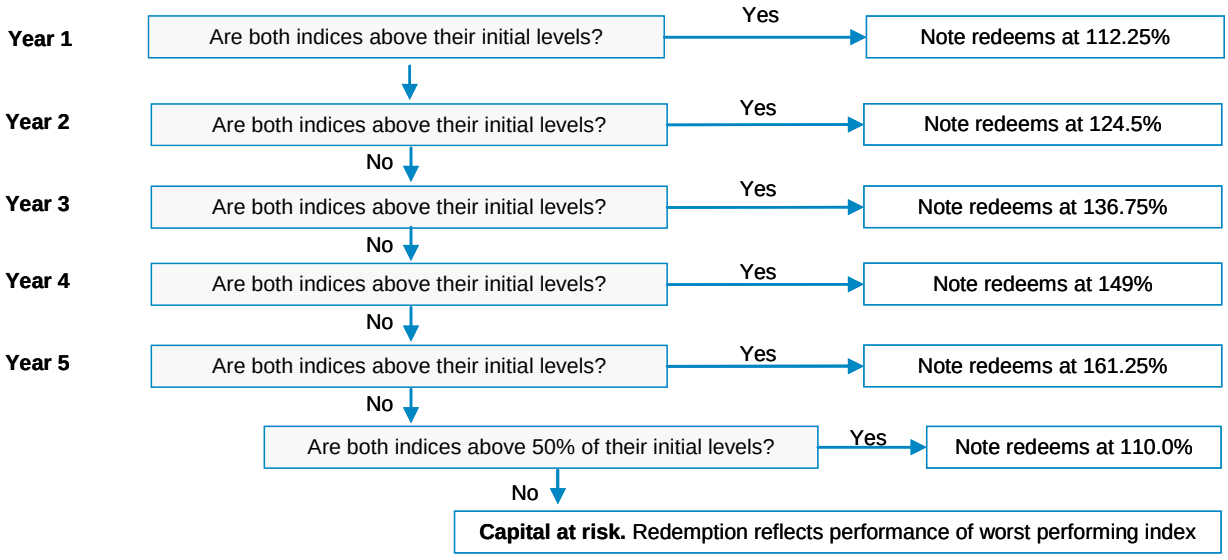
- Four opportunities for early redemption, with attractive annual growth of 12.25%
- Potentially timely investment opportunity given the relatively low valuation of the FTSE 100 and S&P 500 Indices
- Defensive outlook – capital is protected as long as neither index falls below 50% of its initial level

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0439947358
Underlyings	FTSE100 Index S&P 500 Index
Currency	GBP
Maturity	5 years
Nominal Size	GBP 100 ("Par")
Pricing Date	21 August 2009
Issue/Settlement Date	28 August 2009
Anniversary Dates	Year 1: 23 August 2010 Year 2: 22 August 2011 Year 3: 21 August 2012 Year 4: 21 August 2013 Year 5: 21 August 2014
Final Index Level	Index level as of 21 August 2014

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PAYOUT DIAGRAM



INVESTMENT CONSIDERATIONS

- No capital protection. If there is no early redemption, capital repayment depends on the performance of both the underlying indices and could be zero
- Limited growth potential. The notes offer the opportunity for capital gain only as a fixed one-off repayment. Investors do not participate directly in any capital growth in the underlying indices.
- The redemption amounts described are provided only at maturity or in the case of early redemption. If the notes are not held until redemption, the price will depend on numerous factors, including the level and volatility of the underlying indices, 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.
- Investors do not receive any dividends paid to holders of shares in the underlying indices.

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