FTSE 100 Autocallable Note (6 yr)

AN INVESTMENT OPPORTUNITY BACKED BY MORGAN STANLEY

The FTSE 100 Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a neutral to slightly negative view of the FTSE 100 Index. On the first anniversary that the index is equal to or greater than the initial level the notes redeem automatically at an attractive preset amount.

The high returns available on this product reflect the relatively high volatility of the underlying index. Investors have this opportunity in exchange for accepting potential downside risk: If the note does not redeem automatically, capital is at risk if the FTSE 100 Index level has on any daily close traded at or below 50% of its initial level.

ANNUAL OPPORTUNITY FOR EARLY REDEMPTION

The note accumulates a fixed capital growth amount of 7% each year. If, on any of the annual determination dates, the FTSE 100 Index is at or above its initial level, the note redeems automatically and investors receive their original invesmtent plus the capital growth accumulated to date.

The potential capital growth returns for each year are as follows:

- Year 1: 7% return
- Year 2: 14% return
- Year 3: 21% return
- Year 4: 28% return
- Year 5: 35% return
- Year 6: 42% return

REDEMPTION AT MATURITY

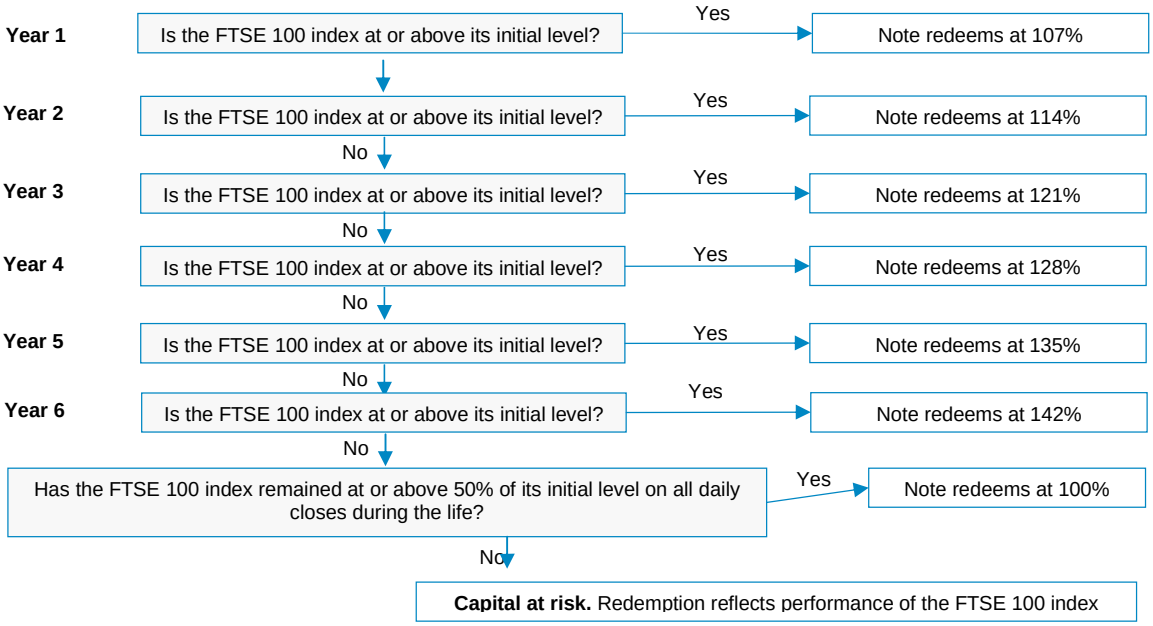
If there is no automatic redemption in years 1 to 6, the repayment at maturity depends on the performance of the FTSE 100 Index. There are two scenarios:

- **If the Index has fallen to or below 50% of its initial value on any daily close during the life of the trade**, then investors receive a 1-for-1 capital loss in-line with the Index performance. For example, if the FTSE 100 Index at maturity has fallen by 60% of its initial level, investors will receive 40% of their initial capital.
- **If the Index at maturity has not fallen by 50% on any daily close**, then investors receive 100% of Par

KEY ADVANTAGES

- Annual opportunities for early redemption, with attractive annual growth of 7%
- Potentially timely investment opportunity given the recent higher volatility on the FTSE 100 Index
- Defensive outlook – capital is protected as long as the FTSE 100 Index during the life has not fallen by 50% or more from its initial value
- Liquid secondary market
- London listed

PAYOUT DIAGRAM



PRODUCT DETAILS

ISSUER	Morgan Stanley (S&P Rating: A)
UNDERLYING	FTSE 100 Index (UKX)
CURRENCY	GBP
PRICING DATE / INITIAL INDEX VALUE LEVEL	27th May 2011
ISSUE/SETTLEMENT DATE	3 June 2011
MATURITY	6 June 2017
POTENTIAL ANNUAL CAPITAL GROWTH	7%
DETERMINATION DATES	Year 1: 28 May 2012 Year 2: 28 May 2013 Year 3: 27 May 2014 Year 4: 27 May 2015 Year 5: 27 May 2016 Year 6: 30 May 2017
INITIAL INDEX LEVEL	TBC
REDEMPTION BARRIER	Year 1 to 6 = 100% of Initial Index Level
SOFT PROTECTION BARRIER	50% of Initial Index Level
ISIN	XS0622322773
SEDOL	B54JRC8

RISK FACTORS

- No capital protection. If there is no early redemption, capital repayment depends on the performance of the FTSE 100 index 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 FTSE 100 Index.

- 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 FTSE 100 Index.

IMPORTANT INFORMATION

FTSE "TM" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited under licence. The FTSE Index is calculated by FTSE International Limited in conjunction with the Institute of Actuaries. FTSE International Limited accepts no liability in connection with the trading of any products on the Index." All copyright in the index values and constituent list vests in FTSE International Limited. Morgan Stanley & Co. International plc has obtained full license from FTSE International Limited to use such rights in the creation of this product.

This information is not a termsheet and has been prepared solely for information purposes. It is not an offer or a solicitation to buy or sell the product. This communication is a marketing communication; it is not a product of Morgan Stanley's Research Department and should not be regarded as a research recommendation. Unless indicated, these views are the author's and may differ from those of Morgan Stanley research analysts or others in the Firm. Unless stated otherwise, the material contained herein has not been based on a consideration of any individual client circumstances and as such should not be considered to be a personal recommendation. Certain assumptions may have been made in the analysis that resulted in any information and returns/results detailed herein. No representation is made that any returns/results indicated would be achieved or that all assumptions in achieving these returns/results have been considered. Past performance is not necessarily indicative of future results. All prices or values are indicative only, and may vary significantly from executable prices or from prices obtained from elsewhere. Any investment decision should be made only based on the terms of the base prospectus and final terms for the product (if any) (the "Offering Documents"), the terms of which will supersede the terms herein. This information is directed at sophisticated prospective investors in order to assist them in determining whether they have an interest in the type of securities described herein. In the U.K. it is directed only to those persons who are eligible counterparties or professional clients (as defined in the U.K. Financial Services Authority's rules). No public offering of the product, or possession or distribution of any offering material in relation thereto, is permitted in any jurisdiction unless in compliance with all applicable laws, regulations, codes, directives, orders and/or regulatory requirements, rules and guidance in force from time to time including, for the avoidance of doubt, the EU Prospectus Directive (2003/71/EC) and any implementing measures and Regulation S of the United States Securities Act 1933 as amended (the "Securities Act"). The product may not be offered, sold, transferred or delivered directly or indirectly in the United States to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act). No representation or warranty is given with respect to the accuracy or completeness of the information herein. Morgan Stanley does not give investment, tax, accounting, legal, regulatory or other advice and nothing in this communication should be viewed as such; prospective investors should consult their own professional advisors.

© Copyright 2010 Morgan Stanley.