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

DISTRIBUTED BY IDAD

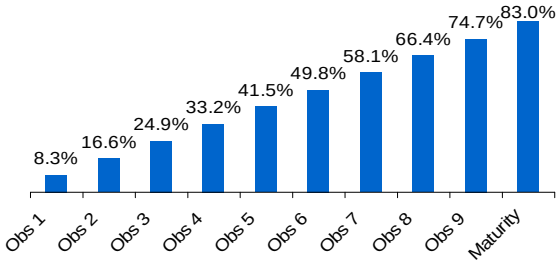
The Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a slightly positive view on the FTSE 100 and S&P GSCI Crude Oil indices. On the first semi-annual observation that both of the indices are flat or positive, the notes redeem automatically at 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 any of the indices trades at or below 50% of its initial level on any daily close during the investment term. Available in Sterling denomination.

BONUS RETURNS

The note accumulates a fixed capital growth amount of 8.3% 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 have remained above 50% of their initial levels on all daily closes throughout the 5 year term.

- Investors receive 100% of their initial investment

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

- 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% at maturity, 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 on any daily close traded at or below 50% of its initial level.

Performance of Index with Worst Performance (% of initial level)	Redemption at Maturity	
	50% barrier not breached on any daily close	50% barrier breached on any daily close
140%	183%	
120%	183%	
100%	183%	
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, 04 November 2011. Past performance is no guide to future performance.

KEY FEATURES

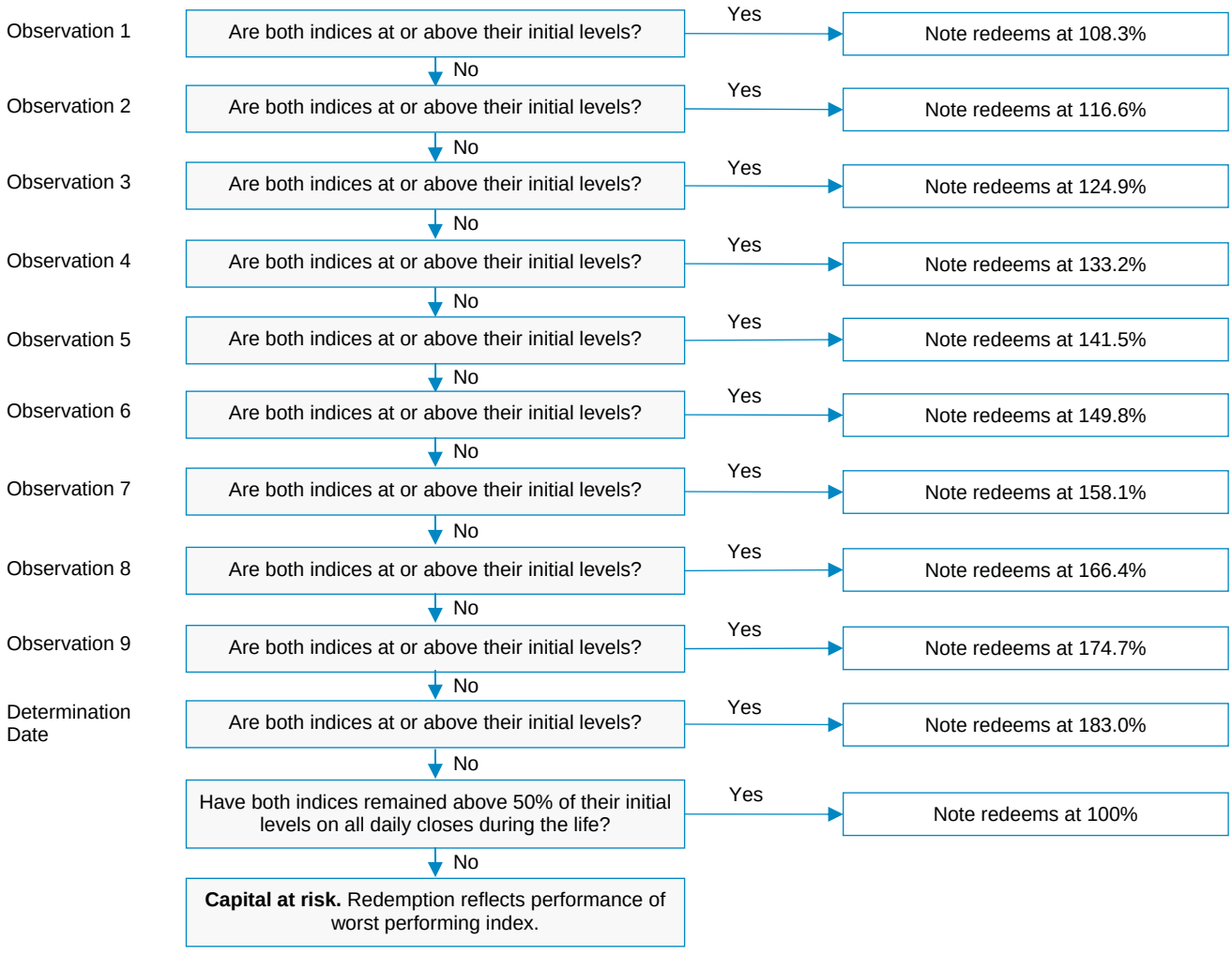
- Nine opportunities for early redemption, with attractive semi annual growth of 8.3%
- Potentially timely investment opportunity given the current valuation of the FTSE 100 and S&P GSCI Oil Indices
- Defensive outlook – capital is protected as long as no index has fallen to or below 50% of its initial level on any daily close
- Denominated in GBP

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0704792570
Underlyings	FTSE 100 (UKX) S&P GSCI Crude Oil Index (SPGCCLP)
Currency	GBP
Maturity	5 years
Nominal Size	GBP 1.00 ("Par")
Strike Date	12 December 2011
Issue/Settlement Date	19 December 2011
Closing Date for Investments	06 December 2011
Minimum Investment	GBP 50,000 (per life company)
Observation Dates	1: 12th June 2012 2: 12th December 2012 3: 12th June 2013 4: 12th December 2013 5: 12th June 2014 6: 12th December 2014 7: 12th June 2015 8: 14th December 2015 9: 13th June 2016
Final Index Level	Index level as of 12th December 2016 (Determination Date)

For more information, please contact Matthew Robinson on 0207 425 9658; matthew.robinson@morganstanley.com

PAYOUT DIAGRAM



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.

IMPORTANT INFORMATION

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 information is for your internal use only and not for further distribution. 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 UK it is directed only to those persons who are eligible counterparties or professional clients and must not be acted on or relied upon by retail clients (each as defined in the UK 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. The interests of Morgan Stanley may conflict with the interests of the investors in respect of any matter requiring its consent and Morgan Stanley will not be required to consider the interests of the investors in exercising such rights. 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.

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.

S&P Goldman Sachs Commodity Index™ (S&P GSCI, GSCI-ER and its Sub-Indices) are trademarks or service marks of the McGraw-Hill Companies, Inc. ("McGraw-Hill) and have been licensed for use by the Issuer in connection with this transaction. This transaction is not sponsored, endorsed, sold or promoted by McGraw-Hill. It makes no representation or warranty, express or implied, to the counterparties of this transaction or any member of the public regarding the advisability of investing in securities, derivatives, or any transactions generally or in this transaction particularly or the ability of the S&P GSCI and its Sub-Indices to track general commodity market performance. McGraw-Hill's only relationship to the Issuer is the licensing of the GSCI Index, which is determined, composed and calculated by McGraw-Hill without regard to the issuer of this transaction. McGraw-Hill has no obligation to take the needs of the Issuer or the Noteholders into consideration in determining, composing or calculating the S&P GSCI and its Sub-Indices. McGraw-Hill is not responsible for and has not

participated in the determination of the timing of, prices at, or quantities of this transaction to be issued or in the determination or calculation of the equation by which the transaction is to be converted into cash. McGraw-Hill has no obligation or liability in connection with the administration, marketing or trading of the underlying S&P GSCI and its Sub-Indices.

MCGRAW-HILL DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE S&P GSCI INDEX AND ITS SUB-INDICES OR ANY DATA INCLUDED THEREIN. MCGRAW-HILL MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, OWNERS OF THE TRANSACTION, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P GSCI INDEX AND ITS SUB-INDICES OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE.

MCGRAW-HILL MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPPOSE OR USE WITH RESPECT TO THE GSCI INDEX AND ITS SUB-INDICES OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MCGRAW-HILL HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES

© Copyright 2011 Morgan Stanley.