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

A MORGAN STANLEY BACKED INVESTMENT OPPORTUNITY

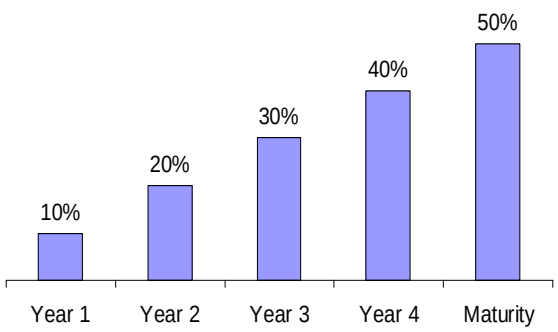
The Autocallable Note is designed for investors who are looking for an attractive fixed capital return based on a slightly positive view on S&P 500 and FTSE 100 indices. On the first observation date that both indices are flat or positive, the notes redeem automatically at an attractive preset amount.

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 any of the indices has closed at or below 50% of its initial level during the life of the trade.

BONUS RETURNS

The note accumulates a fixed capital growth amount of 10% per annum. If, on any of the observation dates, all 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 not traded at or below 50% of their initial levels during the life of the trade

Investors receive 100% of their initial investment

Scenario 2: one of the indices has closed at or below 50% of its initial level during the life of the trade

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

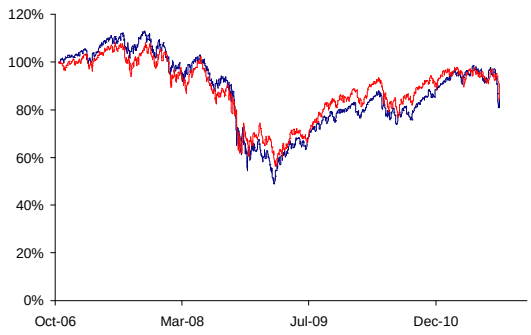
The table shows how the redemption at maturity varies depending on the worst performing of the two indices, and whether any index has during the life closed at or below 50% of its initial level.

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%	150%	
120%	150%	
100%	150%	
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 S&P 500 and FTSE 100 represent the largest companies listed in the US and the UK respectively.

5-Year Performance of S&P500 (Blue) and FTSE 100 (Red)



Source: Morgan Stanley / Bloomberg, 12 August 2011. Past performance is no guide to future performance.

KEY FEATURES

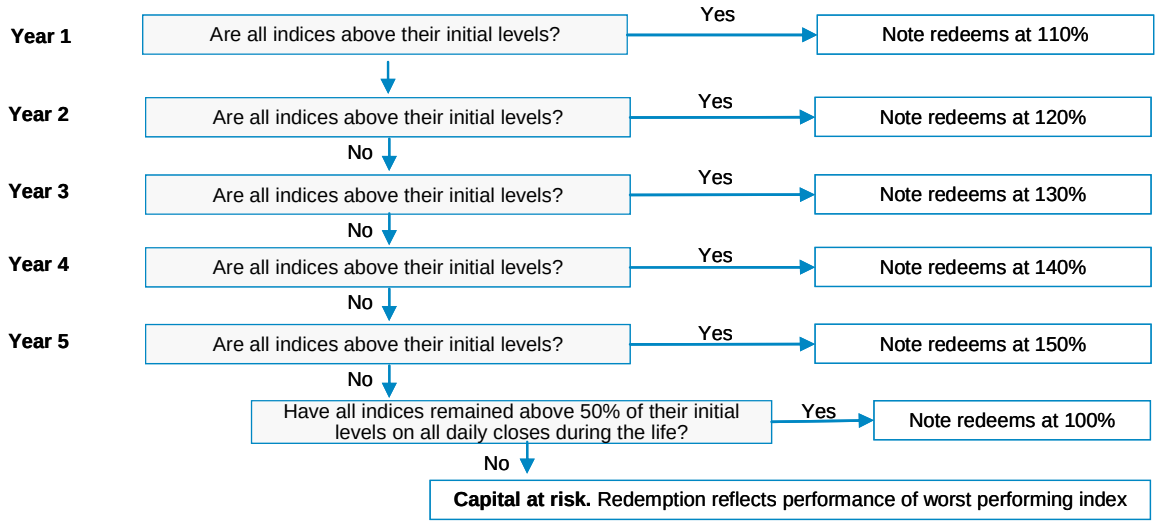
- Four opportunities for early redemption, with attractive annual growth of 10%
- Potentially timely investment opportunity given the relatively low valuation of the S&P 500 and FTSE 100 Indices
- Defensive outlook – capital is protected as long as none of the indices falls to or below 50% of its initial level during the life
- Denominated in GBP

KEY TERMS

Type	Morgan Stanley Note
ISIN	XS0664545760
Underlyings	S&P 500 Index (SPX) FTSE 100 Index (UKX)
Currency	GBP
Maturity	5 years
Nominal Size	GBP 1.00 (“Par”)
Pricing Date	16 September 2011
Issue/Settlement Date	23 September 2011
Observation Dates	Observation 1: 17 September 2012 Observation 2: 16 September 2013 Observation 3: 16 September 2014 Observation 4: 16 September 2015 Observation 5: 16 September 2016
Final Index Level	Index level as of 16 September 2016

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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. In addition, there may be no correlation between economic and population growth in China and the performance of the underlying indices.
- 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 do not offer capital protection.
- 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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