

FINAL TERMS dated 21 January 2011

Series Number: W917  
Tranche: 1

Common Code: 058115266  
ISIN: XS0581152666

**MORGAN STANLEY**

as Issuer

*PROGRAM FOR THE ISSUANCE OF NOTES, Series A&B, WARRANTS AND CERTIFICATES*

**Issue of Up to EUR 30,000,000 "Mediolanum MedPlus Certificate Express 16" linked to EuroSTOXX 50 Index**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer of the Certificates may only do so in:

- (i) in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 27 of Part A below, provided such person is one of the persons mentioned in Paragraph 27 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Distributor has authorised, nor do they authorise, the making of any offer of Certificates in any other circumstances.

THE CERTIFICATES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE CERTIFICATES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN EITHER REGULATION S UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED). SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE BASE PROSPECTUS DATED 15 JUNE 2010. IN PURCHASING THE CERTIFICATES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON. THE CERTIFICATES ARE NOT RATED.

THIS DOCUMENT CONSTITUTES FINAL TERMS RELATING TO THE ISSUE OF CERTIFICATES DESCRIBED HEREIN. TERMS USED HEREIN SHALL BE DEEMED TO BE DEFINED AS SUCH FOR THE PURPOSES OF THE TERMS AND CONDITIONS OF THE SECURITIES (THE "**CONDITIONS**") SET FORTH IN THE BASE PROSPECTUS DATED 15 JUNE 2010 (THE "**BASE PROSPECTUS**") FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) (THE "**PROSPECTUS DIRECTIVE**"). THE CERTIFICATES SHALL CONSTITUTE SECURITIES FOR THE PURPOSES OF THE CONDITIONS. THIS DOCUMENT CONSTITUTES THE FINAL TERMS OF THE CERTIFICATES DESCRIBED HEREIN FOR THE

PURPOSES OF ARTICLE 5.4 OF THE PROSPECTUS DIRECTIVE AND MUST BE READ IN CONJUNCTION WITH SUCH BASE PROSPECTUS AS SO SUPPLEMENTED. FULL INFORMATION ON THE ISSUER AND THE OFFER OF THE CERTIFICATES IS ONLY AVAILABLE ON THE BASIS OF THE COMBINATION OF THESE FINAL TERMS AND THE BASE PROSPECTUS. COPIES OF THE BASE PROSPECTUS ARE AVAILABLE FROM THE OFFICES OF MORGAN STANLEY & CO. INTERNATIONAL PLC AT 25 CABOT SQUARE, CANARY WHARF, LONDON E14 4QA.

**Information Concerning Investment Risk**

THE CERTIFICATES ARE SENIOR UNSECURED OBLIGATIONS OF MORGAN STANLEY, AND ALL PAYMENTS ON THE CERTIFICATES ARE SUBJECT TO THE CREDIT RISK OF MORGAN STANLEY. THE CERTIFICATES ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

Certificateholders and prospective purchasers of Certificates should ensure that they understand the nature of the Certificates and the extent of their exposure to risk and that they consider the suitability of the Certificates as an investment in the light of their own circumstances and financial condition. The amount payable on redemption of the Certificates is linked to the performance of the Underlying Index (as defined herein).

Potential investors are urged to consult with their legal, regulatory, investment, accounting, tax and other advisors with regard to any proposed or actual investment in these Certificates.

Please see the Base Prospectus for a full detailed description of the Certificates and in particular, please review the Risk Factors associated with these Certificates. Investing in the Certificates entails certain risks including, but not limited to, the following:

**Adjustments:** The terms and conditions of the Certificates will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Certificates or any exchanges are affected by market disruption, corporate events or circumstances affecting normal activities.

**Adjustment and Discontinuation Risk:** The Sponsor of the Underlying Index can add, delete or substitute stocks constituting the Underlying Index or make other methodological changes that could change the value of the Underlying Index without regard to the interests of holders of the Certificates. Any of these decisions/determinations may adversely affect the value of the Certificates and may result in the investor receiving a return that is materially different from what he/she would have received if the event had not occurred.

**Credit Risk:** The holder of the Certificates will be exposed to the credit risk of the Issuer.

**Exit Risk:** The secondary market price of the Certificates will depend on many factors, including interest rates, time remaining to maturity and the creditworthiness of the Issuer. Therefore the holder may receive an amount which may be less than the then intrinsic market value of the Certificates and which may also be less than the amount the holder would have received had the holder held the Certificates through to maturity.

**Hedging Risk:** On or prior to and after the Trade Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Certificates by taking positions, in option contracts on the Underlying Index or positions in any other available securities or instruments.

**Liquidity Risk:** The Certificates will not be traded on an organized exchange. Any secondary market in the Certificates made by the Dealer will be made on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. Even whilst there may be a secondary market in the Certificates it may not be liquid enough to facilitate a sale by the holder.

**Potential Conflict of Interest:** The Determination Agent (MSI plc) is an affiliate of the Issuer and the economic interests of the Determination Agent may be adverse to the interests of holders of the Certificates. Determinations made by the Determination Agent may affect the amount payable to holders pursuant to the terms of the Certificates.

**Underlying Sponsor Risk:** The Sponsor of the Underlying Index is not an affiliate of the Issuer or its affiliates and is not involved with this offering in any way. Consequently, the Issuer and the Determination Agent have no ability to control the actions of the sponsor of the Underlying Index, including any rebalancing that could trigger an adjustment to the terms of the Certificates by the Determination Agent.

*The Euro STOXX 50® is the intellectual property (including registered trademarks) of Stoxx Limited, Zurich, Switzerland (the "Licensor"), which is used under license. The securities based on the Euro STOXX 50 Index are in no way sponsored, endorsed, sold or promoted by the Licensor and the Licensor shall have no liability with respect thereto.*

## General

1. Issuer: Morgan Stanley
2. Aggregate Notional Amount of Certificates in the Series: Up to EUR 30,000,000
3. Aggregate Notional Amount of Certificates in the Tranche: Up to EUR 30,000,000
4. Issue Date: 25 February 2011
5. Initial Trade Date: 14 January 2011
6. Notional Amount per Certificate: EUR 1,000 (the "NA")
7. Issue Price: 100% of Notional Amount per Certificate
8. Certificate Style: (*Condition 4*) European Style Certificates
9. Type: The Certificates are Index Securities
  - (i) Underlying Index: EuroSTOXX 50 (Euro) Index (BBG: SX5E Index) (the "**Underlying Index**") as published and sponsored by STOXX Limited (the "**Index Sponsor**")
  - (ii) Exchange: Multi-exchange Index
  - (iii) Related Exchange: All Exchanges
  - (iv) Exchange Business Day: As set out in the Conditions
  - (v) Initial Date: 25 February 2011 (the "**Strike Date**")
  - (vi) Additional Disruption Events: Increased Cost of Hedging, Hedging Disruption and Change in Law shall not be applicable
  - (vii) Adjustments to Index: Condition 7.2.2 "Index Adjustment Events" shall be amended such that in the event of Index Modification, Index Cancellation and Index Disruption, the Determination Agent may make such adjustment as the Determination Agent, in good faith and following market practice, considers appropriate if any, to any variable relevant to the exercise, settlement, or payment terms of the Certificates and/or any other adjustment (including without limitation, the substitution of the Underlying Index) which adjustment shall be effective on such date as the Determination Agent shall determine.
10. Minimum Transfer Amount: (Condition 2.3) One Certificate (EUR 1,000)

## Exercise

11. Expiration Date: 18 February 2014, subject to Early Redemption
12. Latest Exercise Time: Not applicable

13. Minimum Exercise Number: 1 Certificate  
(Condition 5.10)
14. Permitted Multiple: Not Applicable  
(Condition 5.10)
15. Deemed Exercise: Condition 5.6 is replaced by the following: “The Certificates will be exercised automatically on 18 February 2014 (the “Expiration Date”), subject to Early Redemption.  
(Condition 5.6)

#### Issuer Call Option

16. Call Option: Not Applicable  
(Condition 6)

#### Settlement

17. Settlement Basis: The Certificates are Cash Settlement Certificates.  
(Condition 4)
18. Cash Settlement Amount: Subject to the non-occurrence of an Early Redemption, the following applicable Cash Settlement Amount per Certificate will be paid on the Cash Settlement Payment Date in accordance with the following provisions:
- 1) If, on the Final Valuation Date,  $\text{Index}_{\text{Final}}$  is greater than or equal to  $100\% * \text{Index}_{\text{Initial}}$ :
- $\text{NA} * (100\% + 21\%)$
- 2) If, on the Final Valuation Date,  $\text{Index}_{\text{Final}}$  is less than  $100\% * \text{Index}_{\text{Initial}}$  but greater than or equal to the **Barrier Level**:
- $\text{NA} * 100\%$
- 3) Otherwise, if  $\text{Index}_{\text{Final}}$  is less than the **Barrier Level**:
- $\text{NA} * \text{Index}_{\text{Final}} / \text{Index}_{\text{Initial}}$
- Where:
- $\text{Index}_{\text{Initial}}$  is the official closing level of the Underlying Index on the Strike Date;
- $\text{Index}_{\text{Final}}$  is the official closing level of the Underlying Index on the Final Valuation Date;
- Barrier Level** is  $50\% * \text{Index}_{\text{Initial}}$
19. Final Valuation Date: 18 February 2014
20. Valuation Time: Closing time of the Exchange
21. Valuation Date: The Strike Date, each Early Redemption Valuation Date, and the Final Valuation Date (the Expiration Date), save that if such date is not a Scheduled Trading Day or is a Disrupted Day, the next following day that is a Scheduled Trading Day where no Market Disruption Event has occurred should be the relevant Valuation Date (“Following”).

22. Averaging Dates: Not Applicable
23. Settlement Currency: EUR
24. Cash-Settlement Payment Date: 25 February 2014 (also *Maturity Date*)
25. Early Redemption: If on the Early Redemption Valuation Date (n) indicated in the table below, **the official closing level of the Underlying Index is greater than or equal to  $100\% \times \text{Index}_{\text{Initial}}$  (the “Early Redemption Level”)**, the Certificates will be automatically early redeemed and the Certificate holders will receive on the Early Redemption Date, payment of Early Redemption Amount per Certificate as set out in the table below:

n	Early Redemption Valuation Date	Early Redemption Level	Early Redemption Amount	Early Redemption Date
1	18 February 2012	$100\% \times \text{Index}_{\text{Initial}}$	$\text{NA} \times (100\% + 7\%)$	25 February 2012 (n=1)
2	18 February 2013	$100\% \times \text{Index}_{\text{Initial}}$	$\text{NA} \times (100\% + 14\%)$	25 February 2013 (n=2)

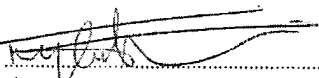
**Additional details**

26. Determination Agent: Morgan Stanley & Co. International plc
27. Non-exempt offer: An offer of the Certificates may be made by Banca Mediolanum SpA (the “**Distributor**”) other than pursuant to Article 3(2) of the Prospective Directive in Italy (the “**Public Offer Jurisdiction**”) during the period from 21 January 2011 to 15 February 2011, inclusive (the “**Offer Period**”).
- Banca Mediolanum SpA also acts as “*Responsabile del Collocamento*” (Entity Responsible for the Placement) pursuant to Italian Legislative Decree 58/98 as subsequently amended.
28. Payment Days: All Payment Dates are subject to TARGET Following Business Day Convention.
29. Additional Selling Restrictions: Not Applicable

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:   
.....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

Listing and admission to Trading: Not Applicable

### 2. RATINGS

Ratings: The Certificates to be issued have not been rated.

As at 14 January 2011, Morgan Stanley has a rating of A (S&P) and A2 (Moody's).

### 3. OPERATIONAL INFORMATION

New Global Note: No

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): Euroclear Bank S.A./N.V. and Clearstream Banking

Delivery: Free of payment

Names and addresses of initial Paying Agent(s) (if any): The Bank of New York Mellon

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: No

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

"Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer."

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer: The net proceeds from the sale of Certificates will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer's obligations under the Certificates, or both

(ii) Estimated net proceeds: Up to EUR 30,000,000

(iii) Distribution fee: The Dealer will pay the Distributor a distribution fee calculated based on the net proceeds. The fee shall not exceed 5.70% of the net proceeds, and, on the Initial Trade Date (14 January 2011), was determined at a level equal to 4.25% of the notional amount traded on such date (EUR 5,000,000).

### 6. PERFORMANCE AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX

Past and future performance including the volatility of the Underlying Index can be obtained



from [www.stoxx.com/indices/index\\_information](http://www.stoxx.com/indices/index_information) and from Bloomberg: SX5E.

## 7. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	EUR1,000 per Certificate
Conditions to which the offer is subject:	Offers of the Certificates are conditional upon their issuance
Description of the application process:	As per Distributor instruction
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	<p>Morgan Stanley &amp; Co. International plc, acting as Dealer, has the right to terminate or extend the subscription at any time during the Offer Period and not to pursue with the issuance of the Certificates prior to the Issue Date. Notice of the early termination or extension of the Offer Period will be published on the website of the Distributor.</p> <p>In addition, upon occurrence of certain extraordinary circumstances, the Distributor will have the right to request Morgan Stanley &amp; Co. International plc not to launch the offer or, if already started, to withdraw the offer.</p>
Details of the minimum and/or maximum amount of application:	The minimum subscription amount is 3 Certificate and multiples of 1 Certificates thereof.
Details of the method and time limited for paying up and delivering the Certificates:	The Certificates will be issued on the Issue Date against payment to the Issuer of the subscription monies by the Distributor
Manner in which results of the offer are to be made public:	<p>The Entity Responsible for the Placement shall announce the result of the offer by means of a notice stating the total amount of the issue.</p> <p>The notice will be published on the website of the Distributor (<a href="http://www.bancamediolanum.it">www.bancamediolanum.it</a>).</p>
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Categories of potential investors to which the Certificates are offered and whether tranche(s) have been reserved for certain countries:	Not Applicable
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not Applicable
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Not Applicable

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:

The Distributor shall provide the locations where the investors may subscribe for the Certificates