

Final Terms dated 11 August 2010

Series Number: D1186

Tranche: 2

Common Code: 053327044

ISIN: XS0533270442

Morgan Stanley B.V.

Issue of 1,300 Certificates (“Tranche 2”) to be consolidated with 650,000 Certificates (“Tranche 1”) and form a single series of 651,300 Certificates linked to the Shares of MediaTek Inc.

Guaranteed by Morgan Stanley
under the Program for the Issuance of Certificates and Warrants,

PART A – CONTRACTUAL TERMS

THE SECURITIES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY INCLUDE BEARER SECURITIES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT.

SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT 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).

THE SECURITIES ARE SENIOR UNSECURED OBLIGATIONS OF MORGAN STANLEY, AND ALL PAYMENTS ON THE SECURITIES, INCLUDING THE REPAYMENT OF PRINCIPAL, ARE SUBJECT TO THE CREDIT RISK OF MORGAN STANLEY. THE SECURITIES 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.

SEE “SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS” AND “FORM OF THE BEARER SECURITIES – TAX LIMITATIONS ON ISSUANCE OF BEARER SECURITIES” IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, 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.

This document constitutes Final Terms relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base

Prospectus dated 7 April 2010 for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, being the London office of the Fiscal Agent and also at the principal executive offices of Morgan Stanley and the registered office of the Issuer.

Information Concerning Investment Risk

Securityholders and prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risk and that they consider the suitability of the Securities as an investment in the light of their own circumstances and financial condition. An investment in the Securities entails risks not associated with investments in a conventional debt security, such as described in section entitled “Risk Factors Relating to the Securities” on pages 59 to 64 of the Base Prospectus. The performance of the Shares will affect the nature and value of the investment return on the Securities. Securityholders and prospective purchasers of Securities should conduct their own investigations and, in deciding whether or not to purchase Securities, prospective purchasers should form their own views of the merits of an investment related to the Shares based upon such investigations and not in reliance on any information given in these Final Terms or, if applicable, any listing document prepared in connection with the listing of the Securities.

Given the highly specialised nature of these Securities, the Issuer, the Guarantor and the Distribution Agent consider that they are only suitable for sophisticated investors who are able to determine for themselves the risk of an investment linked to the Shares and who are able to bear the loss of any amount invested. Consequently, if you are not such an investor you should not consider purchasing these Securities without taking detailed advice from a specialised professional adviser.

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| 1. | (i) | Issuer: | Morgan Stanley B.V. |
| | (ii) | Guarantor: | Morgan Stanley |
| 2. | | Series Number: | D1186 |
| 3. | | Type: | Share Certificates |
| 4. | (i) | Issue Date: | 20 May 2010 for Tranche 1
11 August 2010 for Tranche 2 |
| | (ii) | Pricing Date: | 13 May 2010 |
| 5. | | Expiration Date: | 11 May 2011 |
| 6. | | Specified Currency: | United States Dollar (“USD”) |
| 7. | | Aggregate number of Securities in the Series: | 651,300 |

Aggregate number of Securities in 1,300
Tranche:

8. Nominal Amount per Security: Not Applicable
9. Issue Price: USD 16.5094per Security

PROVISIONS RELATING TO THE UNDERLYING AND ADJUSTMENTS

10. Underlying: Each Security shall represent one ordinary share of the Share Issuer (the "**Share**")
- (i) Share Issuer: MediaTek Inc.
- (ii) Bloomberg Ticker: 2454 TT
11. Exchange: Taiwan Stock Exchange
12. Related Exchange: All Exchanges
13. Exchange Business Day: As defined in the Conditions

PROVISIONS RELATING TO DISTRIBUTION AMOUNT (IF ANY) PAYABLE

14. Distribution Provisions: Applicable, the Issuer shall pay coupon from time to time, if applicable, as set out below
- (i) Distribution Commencement Pricing Date
Date:
- (ii) Distribution Valuation Date(s): As notified by the Issuer to the Securityholders from time to time, each a Record Date for the purpose of the relevant Distribution Amount.
- (iii) Distribution Payment Date(s)
(each a Coupon Payment Date): The next Business Day following the scheduled payment date of any Eligible Dividends or a later date as notified by the Issuer to the Securityholders from time to time.
- (iv) Distribution Amount (each a
Coupon Payment Amount): Net Yield, provided that such Eligible Dividend for the purpose of calculating Net Yield shall be (i) net of all withholding or other taxes required to be deducted on a gross basis from the relevant dividend assuming the recipient thereof is a corporation organised and tax resident in the United Kingdom; and (ii) calculated in Taiwanese Dollars ("**TWD**") and converted into USD at the Spot FX Rate on the relevant date when the Eligible Dividend is paid.

where for the above purpose

"**Net Yield Weighting**" means 100 per cent.;

"**Reference Period**" means a period from and including the

Pricing Date to but excluding the Expiration Date.

“**Spot FX Rate**” means the spot TWD/USD foreign exchange rate on the relevant date as determined by the Determination Agent.

- (v) Minimum Distribution Amount: Not Applicable
- (vi) Maximum Distribution Amount: Not Applicable
- (vii) Other terms relating to the payment of Distribution Amounts: Extraordinary Dividend shall be applicable provided it is in cash form;

Relevant Deduction shall be applicable

PROVISIONS RELATING TO EQUITY LINKED CERTIFICATES

- 15. Equity Linked Certificates Provisions: Applicable, as set out in paragraphs 14 and 26

PROVISIONS RELATING TO EXERCISE AND TERMINATION

- 16. Exercise Style: American style Securities
- 17. Deemed Exercise: Applicable
- 18. Call/Put: Not Applicable
- 19. Exercise Date or Potential Exercise Date(s): Provided that the Exercise Notice is validly delivered in accordance with Condition 7 (*Exercise Procedures*) no less than 5 Business Days prior to the proposed Exercise Date, the relevant Exercise Business Day falling in the Exercise Period as specified in the Exercise Notice.
- 20. The Commencement Date of the Exercise Period: The Issue Date
- 21. Exercise Business Day: Includes a Scheduled Trading Day and an Exchange Business Day
- 22. Latest Exercise Time: as specified in the Conditions
- 23. Minimum Exercise Amount: Not Applicable
- 24. Maximum Exercise Amount: Not Applicable
- 25. Permitted Multiple: Not Applicable
- 26. Cash Settlement Amount of each Security: Final Underlying Value + Additional Outperformance

Where:

“Additional Outperformance” means, in respect of each Security, 2.0% per annum (calculated on an Actual/360 basis) in respect of the period commencing on, and including, the Issue Date to but excluding 20 June 2010. For each period thereafter commencing on and including 20 June 2010 to but excluding the Expiration Date such amount as determined by the Determination Agent, each such period shall be an Additional Outperformance Period.

“Final Underlying Value” means the Reference Value of the Share on the Valuation Date, calculated in BRL and converted into USD at the Spot FX Rate on the Valuation Date.

- (i) Reference Value: As defined in the Conditions
 - (ii) Cash Settlement Payment Date: Upon the occurrence of a Deemed Exercise, 20 May 2011 or, if later, the 5th Business Day following the Expiration Date.
Upon the occurrence of an exercise by the holder of the Certificates prior to the Expiration Date, the 5th Business Day following the Exercise Date.
 - (iii) Minimum Cash Settlement Amount: Not Applicable
 - (iv) Maximum Cash Settlement Amount: Not Applicable
 - (v) Valuation Date: (i) The 5th Business Day prior to the Exercise Date or (ii) the Expiration Date, as the case may be
 - (vi) Valuation Time: As set out in the Conditions
 - (vii) Averaging Dates: Not Applicable
 - (viii) Business Day Convention: Following Business Day Convention
 - (ix) Other terms relating to the payment of Cash Settlement Amount: None
27. Issuer's Call Option: Applicable
- (i) Optional Termination Date (Call): As set out in the Conditions:
Issuer Call Notice Period shall be no less than 5 Business Days
 - (ii) Optional Termination Amount (Call): As specified in the definition of Optional Termination Amount (Call) in the Conditions
 - (iii) Other terms relating to the Issuer's Call Option: As set out in the Conditions
28. Additional Disruption Event: Change in Law, Hedging Disruption, Increased Cost of

Hedging, Loss of Stock Borrow

29. Early Termination Amount (if different from Condition 2 (*Interpretation*)): Not Applicable

Other terms relating to early termination: None

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

30. Form of Securities: Bearer Securities:
Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities on 30 days' notice in the limited circumstances specified in the Permanent Global Security
31. Status of the Guarantee: As set out in the Conditions
32. Additional Financial Centre(s): Hong Kong, Taiwan and London
33. Talons for future Coupons or Receipts to be attached to Definitive Securities (and dates on which such Talons mature): No
34. Renominalisation and reconventioning provisions: Not Applicable
35. Consolidation provisions: The provisions in Condition 19 (*Further Issues*) apply
36. Clearance System: Euroclear and Clearstream, Luxembourg
37. Determination Agent: Morgan Stanley & Co. International plc
38. Additional US Federal Tax Considerations: Not Applicable
39. Other final terms: Not Applicable

DISTRIBUTION

40. Method of distribution: Non-syndicated
41. (i) If syndicated, names and addresses of Distribution Agents and underwriting commitments: Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager(s) (if any): Not Applicable
42. If non-syndicated, name and address of Distribution Agent: Morgan Stanley & Co. International plc
43. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules applicable in: Not Applicable

the case of Bearer Securities:

44. Additional selling restrictions: **The Republic of China:** The Certificates shall not be offered or sold in the Republic of China, and may only be sold to investors resident in the Republic of China from outside the Republic of China in a manner that would not constitute an offering of securities in the Republic of China and would otherwise be in accordance with the Securities and Exchange Law of The Republic of China.

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Securities described herein pursuant to the Program for the Issuance of Warrants and Certificates by Morgan Stanley B.V.

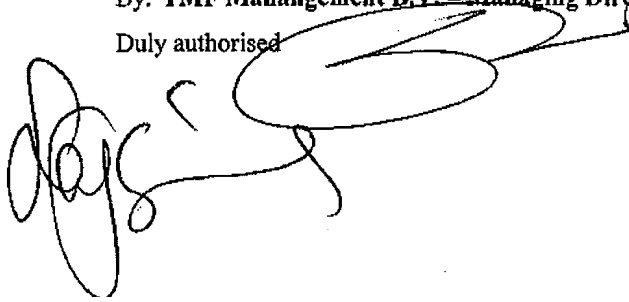
RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: **TMF Manangement B.V. – Managing Director**

Duly authorised

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the text 'Duly authorised'.

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Irish Stock Exchange
- (ii) Admission to trading: Application will be made for the Securities to be admitted to trading on the Irish Stock Exchange on or about the Issue Date

2. RATINGS

Credit ratings assigned to the Issuer or its debt securities: None

3. OPERATIONAL INFORMATION

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and The Depository Trust Company and the relevant identification number(s): Not Applicable

Delivery to the Dealer: Delivery free of payment

Names and addresses of additional Paying Agent(s) (if any): None