

Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule 17

Final Terms dated 15 December 2011

**Morgan Stanley & Co. International plc**

Issue of EUR 3,000,000 Floating Rate Notes

under the Program for the Issuance of Notes, Series A and B, Warrants and Certificates

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 Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") (and any amendments, including Directive 2010/73/EU (the "**2010 PD Amending Directive**"), to the extent implemented in the 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 Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) 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
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 52 of Part A below, provided such person is one of the persons mentioned in Paragraph 52 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

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

**PART A – CONTRACTUAL TERMS**

THE NOTES 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 NOTES 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, IN THE CASE OF BEARER NOTES, 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 10 JUNE 2011. IN PURCHASING THE NOTES, 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 NOTES ARE NOT RATED.

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the English Law Notes set forth in the Base Prospectus dated 10 June 2011, as supplemented on 22 November 2011, which constitutes a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes 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 Notes 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

**Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Given the highly specialised nature of these Notes, Morgan Stanley & Co. International plc (the "Issuer") ("MSI plc") consider that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment linked to the Underlying. Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.**

**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 Notes. Please see the Base Prospectus for a full detailed description of the Notes and in particular, please review the Risk Factors associated with these Notes.**

**In purchasing any Notes, purchasers will be deemed to represent and undertake to the Issuer, the Dealer and each of their affiliates that (i) such purchaser understands the risks and potential consequences associated with the purchase of the Notes, (ii) that such purchaser has consulted with its own legal, regulatory, investment, accounting, tax and other advisers to extent it believes is appropriate to assist it in understanding and evaluating the risks involved in, and the consequences of, purchasing the Notes and (iii) in accordance with the terms set out in Annex 1.**

**Morgan Stanley is not qualified to give legal, tax or accounting advice to its clients and does not purport to do so in this document. Clients are urged to seek the advice of their own professional advisers about the consequences of the proposals contained herein.**

**US Treasury Circular 230 Notice - Morgan Stanley does not render advice on tax and tax accounting matters to clients. This material was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.**

- |    |      |  |  |
|----|------|--|--|
| 1. | (i)  | Issuer:                                | Morgan Stanley & Co. International plc |
|    | (ii) | Guarantor:                             | Not Applicable                         |
| 2. | (i)  | Series Number:                         | 5492                                   |
|    | (ii) | Tranche Number:                        | 1                                      |
| 3. |      | Specified Currency or Currencies:      | Euro ("EUR")                           |
| 4. |      | Aggregate Nominal Amount of the Notes: |  |
|    | (i)  | Series:                                | EUR 3,000,000                          |
|    | (ii) | Tranche:                               | EUR 3,000,000                          |
| 5. |      | Issue Price                            | 99.66 per cent. of par per Note        |
| 6. | (i)  | Specified Denominations (Par):         | EUR 1,000                              |
|    | (ii) | Calculation Amount:                    | EUR 1,000                              |
| 7. | (i)  | Issue Date:                            | 15 December 2011                       |
|    | (ii) | Trade Date:                            | 29 November 2011                       |
|    | (ii) | Interest Commencement Date:            | Strike Date                            |
|    | (iv) | Strike Date:                           | 15 February 2012                       |

(v)	Determination Date:	Not Applicable
8.	Maturity Date:	15 February 2016
9.	Interest Basis:	Floating Rate
10.	Redemption/Payment Basis:	Redemption at Par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	Redemption at the option of the Issuer: (Condition 16.7)	Not Applicable
14.	Redemption at the option of the Noteholders: (Condition 16.9)	Not Applicable
15.	Other Put/Call Options:	Not Applicable
16.	(i) Status of the Notes: (Condition 4)	Condition 4.1 applies.
	(ii) Status of the Guarantee:	Not Applicable
17.	Method of distribution:	Non-syndicated

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

18.	Fixed Rate Note Provisions: (Condition 5)	Not Applicable
19.	Floating Rate Note Provisions: (Condition 6)	Applicable
	(i) Interest Payment Dates:	Quarterly on 15 May, August, November and February of each year, from and including 15 May 2012 to and including the Maturity Date, subject to the Following Business Day Convention
	(ii) First Interest Payment Date:	15 May 2012
	(iii) Interest Period:	As set out in Condition 2.1, Unadjusted
	(iv) Business Day Convention:	Following Business Day Convention
	(v) Additional Business Centre(s):	Not Applicable
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate determination
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	Morgan Stanley & Co. International plc (the " <b>Determination Agent</b> "). The Determination Agent shall act as an expert and not as an agent for the Issuer or the Noteholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination

Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith.

	(viii) Screen Rate Determination:	Applicable
	• Reference Rate:	3 month EURIBOR
	• Interest Determination Date(s):	2 TARGET Business Days prior to the start of each Interest Period
	• Relevant Screen Page:	Reuters page EURIBOR01
	(ix) ISDA Determination:	Not Applicable
	(x) Margin(s):	Not Applicable
	(xi) Minimum Rate of Interest:	4.00% per annum
	(xii) Maximum Rate of Interest:	Not Applicable
	(xiii) Day Count Fraction:	30/360
	(xiv) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Determination Agent determination
20.	Zero Coupon Note Provisions: (Condition 7)	Not Applicable
21.	Dual Currency-Linked Note Interest Provisions: (Condition 8)	Not Applicable
22.	Commodity-Linked Note Interest Provisions:	Not Applicable
23.	Currency-Linked Interest Note Provisions:	Not Applicable
24.	Inflation-Linked Note Interest Provisions:	Not Applicable
25.	Credit-Linked Interest Note Provisions:	Not Applicable
26.	Property-Linked Interest Note Provisions:	Not Applicable
27.	Fund-Linked Interest Note Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

28.	Call Option: (Condition 16.7)	Not Applicable
29.	Put Option: (Condition 16.9)	Not Applicable
30.	Final Redemption Amount of each Note:	EUR 1,000 per Calculation Amount

	(Condition 16)	
31.	Dual Currency Redemption Provisions:	Not Applicable
	(Condition 8)	
32.	Equity-Linked Redemption Provisions:	Not Applicable
	(Condition 10)	
33.	Commodity-Linked Redemption Provisions:	Not Applicable
	(Condition 11)	
34.	Currency-Linked Redemption Provisions:	Not Applicable
	(Condition 12)	
35.	Inflation-Linked Redemption Provisions:	Not Applicable
	(Condition 13)	
36.	Credit-Linked Redemption Provisions:	Not Applicable
	(Condition 20)	
37.	Property-Linked Redemption Provisions:	Not Applicable
	(Condition 14)	
38.	Fund-Linked Redemption Provisions:	Not Applicable
	(Condition 15)	
39.	a. Early Redemption Amount upon Event of Default (Condition 22):	As set out in Condition 2.
	b. Early Redemption Amount payable upon an event described in Condition 10/ 11/ 12/ 13/ 14/ 15	As provided in Condition 10/ 11/ 12/ 13/ 14/ 15
	c. Early Redemption Amount upon Early Redemption:	
	(Conditions 16.2, 16.3, 16.5, 16.10 and 21)	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	The fair value of such Note on such day as is selected by the Determination Agent acting in good faith and in a commercially reasonable manner, less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent acting in good faith and in a commercially reasonable manner and disregarding any change in the creditworthiness of the Issuer and, if applicable, the Guarantor since the initial Issue Date of Notes of the relevant Series, or, if greater, any minimum amount which would have been unconditionally payable as the Final Redemption Amount

40. Governing Law: English law

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

41. Form of Notes: Bearer Notes  
(Condition 3) Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 30 days' notice in the limited circumstances specified in the Permanent Global Note
42. Additional Business Centre(s) or other special provisions relating to Payment Dates: TARGET only
43. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
44. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
45. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable
46. Redenomination, renominatisation and reconventioning provisions: Not Applicable
47. Restrictions on free transferability of the Notes: None
48. Other final terms: "Business Day" means London and TARGET

## DISTRIBUTION

49. (i) If syndicated, names of Managers: and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) Not Applicable
- (ii) Date of [Subscription] Agreement: Not Applicable
- (iii) Stabilising Manager(s) (if any): Not Applicable
50. If non-syndicated, name and address of Dealer: Morgan Stanley & Co. International plc  
25 Cabot Square  
London E14 4QA
51. U.S. Selling Restrictions: Reg. S Compliance Category
52. Non-exempt offer: An offer of the Notes may be made by the Distributor (as defined below) other than pursuant to Article 3(2) of the Prospective Directive in France (Public Offer Jurisdiction) during the period from 15 December 2011

to 15 February 2012 (the “**Subscription Period**”), the Issuer has the right to adjustment the Subscription Period.

53. Total commission and concession: In connection with the offer and sale of the Notes, the Issuer or the Dealer will pay to the relevant intermediary a one time or recurring intermediary fee. The total intermediary fees payable, will not exceed 1.00% per annum. The investor acknowledges and agrees that such fees will be retained by the relevant intermediary. Further information is available from the relevant intermediary upon request.
54. Additional selling restrictions: Not Applicable

### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and public offer in the Public Offer Jurisdiction and admission to trading on the London Stock Exchange of the Notes described herein pursuant to the Program for the Issuance of Notes, Series A and B, Warrants and Certificates of Morgan Stanley & Co. International plc.

## RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

A handwritten signature in blue ink, appearing to read 'Harald Herrmann', written over a dotted line.

Duly authorised

A handwritten signature in blue ink, clearly legible as 'HARALD HERRMANN'.



## **PART B – OTHER INFORMATION**

### **1. LISTING**

Listing and admission to Trading: Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed on the Official List of the FSA with effect from the Issue Date. No assurance can be given that such listing will be obtained.

### **2. RATINGS**

Ratings: The Notes will not be rated

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

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

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

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

(ii) Estimated net proceeds: EUR 3,000,000

### **5. PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

The performance of the Notes depends on the performance of the Underlying. Information on the Underlying (including past and future performance and volatility) can be obtained via [www.reuters.com](http://www.reuters.com).

The Issuer does not intend to provide post-issuance information.

### **6. OPERATIONAL INFORMATION**

ISIN Code: XS0715815865

Common Code: 071581586

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): Not Applicable

Delivery: Delivery free of payment

Names and addresses of initial Paying Agent(s): As per the Conditions

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

### **7. TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	During the period from 15 December 2011 to 15 February 2012, the Offer Price of each Note will be the Issue Price plus an additional amount accruing at a rate of 2.5% of Par per annum. It is anticipated that the Offer Price will reach 100% of Par per Note on 15 February 2012.
Conditions to which the offer is subject:	Not Applicable
Description of the application process:	<p>The Notes are issued on 15 December 2011 which is the beginning of the Offer Period. A prospective investor should contact the relevant intermediary during the Offer Period. A prospective investor will acquire the Notes in accordance with the arrangements existing between relevant intermediary and its customers relating to the subscription of securities generally and not directly with the Issuer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than France wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information.</p>
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable
Details of the minimum and/or maximum amount of application:	Not Applicable
Details of the method and time limited for paying up and delivering the Notes:	Prospective Noteholders will be notified by the relevant intermediary of their allocations of Notes and the settlement arrangements in respect thereof.
Manner in and date on which results of the offer are to be made public:	Not Applicable
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 Notes are offered and whether tranche(s) have been reserved for certain countries:	Offers may be made by the relevant intermediary in France to retail investors. In other EEA countries, offers will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.
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.	Not Applicable

## ANNEX 1

Any investment in the Notes made with the intention to offer, sell or otherwise transfer (together, “distribute” and each a “distribution”) such Notes to prospective investors will be deemed to include, without limitation, the following representations, undertakings and acknowledgements:

- a) (i) you are purchasing the instruments as principal (and not as agent or in any other capacity); (ii) none of the Issuer, the Dealer or their affiliates is acting as a fiduciary or an advisor to it in respect of the instruments; (iii) you are not relying upon any representations made by the Issuer or any of its affiliates; (iv) you have consulted with your own legal, regulatory, tax, business, investments, financial, and accounting advisers to the extent that you have deemed necessary, and you have made your own investments, hedging and trading decisions based upon your own judgement and upon any advice from such advisors as you have deemed necessary and not upon any view expressed by the Issuer or any of its affiliates or agents and (v) you are purchasing the instruments with a full understanding of the terms, conditions and risks thereof and you are capable of and willing to assume those risks;
- b) you shall only distribute as principal or, alternatively, acting on a commission basis in your own name for the account of your investors and will not do so as agent for any Morgan Stanley entity (together “Morgan Stanley”) who shall assume no responsibility or liability whatsoever in relation to any such distribution. You shall distribute the product in your own name and to such customers as you identify in your own discretion, at your own risk and under your sole responsibility. You shall make such enquiries you deem relevant in order to satisfy yourself that prospective investors have the requisite capacity and authority to purchase the product and that the product is suitable for those investors;
- c) you shall not make any representation or offer any warranty to investors regarding the product, the Issuer or Morgan Stanley or make any use of the Issuer’s or Morgan Stanley’s name, brand or intellectual property which is not expressly authorised and you shall not represent you are acting as an agent of Morgan Stanley in such distribution. You acknowledge that neither the Issuer nor Morgan Stanley assume any responsibility or liability whatsoever in relation to any representation or warranty you make in breach hereof;
- d) if you distribute any material prepared and transmitted by the Issuer or by Morgan Stanley, you shall only distribute the entire material and not parts thereof. Any material you, or any third party you engage on your behalf, prepare shall be true and accurate in all material respects and consistent in all material respects with the content of the Base Prospectus and the Final Terms and shall not contain any omissions that would make them misleading. You shall only prepare and distribute such material in accordance with all applicable laws, regulations, codes, directives, orders and/or regulatory requirements, rules and guidance in force from time to time (“Regulations”). You acknowledge that neither the Issuer nor Morgan Stanley shall have any liability in respect of such material which shall, for the avoidance of doubt, at all times be your sole responsibility;
- e) you will not, directly or indirectly, distribute or arrange the distribution of the product or disseminate or publish (which for the avoidance of doubt will include the dissemination of any such materials or information via the internet) any materials or carry out any type of solicitation in connection with the product in any country or jurisdiction, except under circumstances that will result in compliance with all applicable Regulations and selling practices, and will not give rise to any liability for the Issuer or Morgan Stanley. For the avoidance of doubt, this includes compliance with the selling restrictions mentioned herein;
- f) if you receive any fee, rebate or discount, you shall not be in breach of any Regulation or customer or contractual requirements or obligations and you shall, where required to do so (whether by any applicable Regulation, contract, fiduciary obligation or otherwise), disclose such fees, rebates and discounts to your investors. You acknowledge that where fees are payable, or rebates or discounts applied, the Issuer and Morgan Stanley are obliged to disclose the amounts and/or basis of such fees, rebates or discounts at the request of any of your investors or where required by any applicable Regulations.
- g) (i) except to the extent permitted under United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) (the D Rules), you have not (A) offered or sold and will not offer or sell during the

Restricted Period any Securities to a person who is within the United States or its possessions or to any United States person and (B) delivered and will not deliver within the United States or its possessions definitive Securities that are sold during the Restricted Period; (ii) you have, and throughout the Restricted Period will have, in effect procedures reasonably designed to ensure that your employees or agents who are directly engaged in selling Securities are aware that such Securities may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; (iii) if you are a United States person, you are acquiring Securities for purposes of resale in connection with their original issuance and if you retain Securities for your own account, you will only do so in accordance with the requirements of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6); (iv) if you transfer Securities to any affiliate for the purpose of offering or selling such securities during the Restricted Period, you will either (A) obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii) and (iii) above or (B) repeat and confirm the representations and agreements contained in clauses (i), (ii) and (iii) above on such affiliate's behalf and obtain from such affiliate the authority to so obligate you; and (v) you will obtain for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii), (iii) and (iv) above from any person other than your affiliate with whom you enter into a written contract, within the meaning of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4), for the offer or sale of Securities during the Restricted Period. For the purposes of this paragraph an offer or sale of Securities will be considered to be made to a person who is within the United States or its possessions if the offeror or seller of such Securities has an address within the United States or its possessions for the offeree or purchaser of such Securities with respect to the offer or sale. Terms used in this paragraph shall have the meaning given to them by the U.S. Internal Revenue Code and the United States Treasury Regulations thereunder, including the D Rules;

- h) you will be committed to purchase at the issue price stated in the term sheet (or at the price otherwise agreed between us) instruments, when issued, in the agreed quantity and having terms, as provided in the definitive documentation, consistent with those in this term sheet (subject to any modifications agreed between us);i)
- i) we may enter into hedging or other arrangements in reliance upon your commitment, and, if you fail to comply with your commitment, your liability to us shall include liability for our costs and losses in unwinding such hedging or other arrangements;
- j) you agree and undertake to indemnify and hold harmless and keep indemnified and held harmless the Issuer, the Dealer and each of their respective affiliates and their respective directors, officers and controlling persons from and against any and all losses, actions, claims, damages and liabilities (including without limitation any fines or penalties and any legal or other expenses incurred in connection with defending or investigating any such action or claim) caused directly or indirectly by you or any of your affiliates or agents to comply with any of the provisions set out in (a) to (i) above, or acting otherwise than as required or contemplated herein.
- k) You are not purchasing the Notes as an extension of credit to Morgan Stanley pursuant to a loan agreement entered into in the ordinary course of your trade or business.