

**Final Terms dated 6 September 2010**

**Morgan Stanley BV**

**As Issuer**

**Morgan Stanley**

**As Guarantor**

Issue of up to SEK 100,000,000 Notes linked to Emerging Markets Equity Basket due 2015

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**") 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:

- (i) in circumstances in which no obligation arises for the Issuer, Dealer or any Distributor 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 48 of Part A below, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

None of the Issuer, the Dealer and the Distributor has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

**THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE U.S. 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 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 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 15 June 2010 (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer, the Guarantor 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. The amount payable on redemption of the Notes is linked to the performance of the Underlying. Given the highly specialised nature of these Notes, the Issuer, the Guarantor and the Dealer 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, are willing to take risks and can absorb the partial or complete loss of their initial investment.**

**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. Investing in the Notes entails certain risks including, but not limited to, the following:**

**Adjustment and Discontinuation Risk:** The Fund Manager may adjust the constituents of the Fund or make other methodological changes that could change the value and performance of the Underlying without regard to the interests of holders of the Notes. Any of these decisions/determinations may adversely affect the value of the Notes and may result in the investor receiving a return that is materially different from that he/she would have received if the event had not occurred.

**Adjustments by the Determination Agent:** The terms and conditions of the Notes will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Notes or the Underlying are affected by any disruption or adjustment events or circumstances affecting normal activities of the Fund.

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

**Exit Risk:** The secondary market price of the Notes will depend on many factors, including the value and volatility of the Underlying, the net asset value of the Underlying at any time on any day and the time left until the maturity of the Notes, interest rates, the dividend rate, 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 Notes and which may also be less than the amount the holder would have received had the holder held the Notes through to maturity.

**Hedging Risk:** On or prior to and after the Strike Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Notes by taking positions in the stocks that comprise the Underlying, in option contracts on the Underlying or positions in any other available securities or instruments. In addition, the Issuer and its affiliates trade the Underlying as part of their general businesses. Any of these activities could potentially affect the value of the Underlying including on the Determination Date, and accordingly, could significantly affect the payout to holders on the Notes.

**Liquidity Risk:** The Dealer will make a secondary market in the Notes on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. The liquidity of the Notes reflects the liquidity of the Underlying and even whilst there may be a secondary market in the Notes it may not be liquid enough to facilitate a sale by the holder.

**No Shareholder Rights:** A holder of Notes will have no beneficial interest in or any voting rights and will not have the right to receive dividends or other distributions with respect to the stocks composing the Underlying.

**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 Notes. Determinations made by the Determination Agent, including in the event of a market disruption may affect the amount payable to holders pursuant to the terms of the Notes.

**Underlying Sponsor Risk:** The Fund Manager 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 Fund Manager, including any rebalancing that could trigger an adjustment to the terms of the Notes by the Determination Agent.

1. (i) Issuer: Morgan Stanley BV
- (ii) Guarantor: Morgan Stanley
2. (i) Series Number: 4142
- (ii) Tranche Number: 1
3. Specified Currency or Currencies: Swedish krona (“**SEK**”)
4. Aggregate Nominal Amount of the Notes:
  - (i) Series: SEK 100,000,000, indicatively, which will be confirmed by the end of the Offer Period
  - (ii) Tranche: SEK 100,000,000 indicatively, which will be confirmed by the end of the Offer Period
5. Issue Price: 112 per cent. of par per Note
6. (i) Specified Denominations (Par): SEK 10,000
- (ii) Calculation Amount: Par
7. (i) Issue Date: 10 November 2010
- (ii) Strike Date: 20 October 2010
- (iii) Interest Commencement Date: Not Applicable
8. Maturity Date: 10 November 2015
9. Interest Basis: Not Applicable
10. Redemption/Payment Basis: Equity-Linked Redemption
11. Change of Interest or Redemption/Payment Basis: Not Applicable
12. Put/Call Options:
  - (i) Redemption at the option of the Issuer: Not Applicable(Condition 15.7)

	(ii)	Redemption at the option of the Noteholders: (Condition 15.9)	Not Applicable
	(iii)	Other Put/Call Options:	Not Applicable
13.	(i)	Status of the Notes: (Condition 4)	Unsecured and unsubordinated, which rank <i>pari passu</i> among themselves and all other outstanding unsecured and unsubordinated obligations
	(ii)	Status of the Guarantee:	As set out in the Condition
14.		Method of distribution:	Non-syndicated

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

15.	<b>Fixed Rate Note Provisions</b> (Condition 5)	Not Applicable
16.	<b>Floating Rate Note Provisions</b> (Condition 6)	Not Applicable
17.	<b>Zero Coupon Note Provisions</b> (Condition 7)	Not Applicable
18.	<b>Dual Currency-Linked Note Interest Provisions</b> (Condition 8)	Not Applicable
19.	<b>Equity Linked Note Interest Provisions</b>	Not Applicable
20.	<b>Commodity Linked Note Interest Provisions</b>	Not Applicable
21.	<b>Currency Linked Interest Note Provisions</b>	Not Applicable
22.	<b>Inflation-Linked Note Interest Provisions</b>	Not Applicable
23.	<b>Credit-Linked Interest Note Provisions</b>	Not Applicable
24.	<b>Property-Linked Interest Note Provisions</b>	Not Applicable

**REDEMPTION**

25.	<b>Call Option</b> (Condition 15.7)	Not Applicable
26.	<b>Put Option</b> (Condition 15.9)	Not Applicable

27. **Final Redemption Amount of each Note** Equity Linked Redemption as specified below in item 29  
(Condition 16.1)
28. **Dual Currency Redemption Provisions** Not Applicable  
(Condition 8)
29. **Equity-Linked Redemption Provisions** Applicable  
(Condition 10)

(A) **Fund Basket Notes:**

- (i) Types of Notes: Fund Basket Notes, consisting of 2 equally weighted Funds:

Underlying (Fund) (i=1,2)	Exchange	Fund Manager
i=1 East Capital Russian Fund (bloomberg: EACRUSS SS Equity) ISIN: SE0000777708	Stockholm Stock Exchange	East Capital Asset Management AB
i=2 AGI China East Asia Fund (bloomberg: AGEAGRF LX Equity) ISIN: LU0212839673	Luxembourg Stock Exchange	SEB Fund Services SA

- (iv) Averaging Dates: Monthly on the 20<sup>th</sup> from 20 October 2014 to 20 October 2015, inclusive, if it is not a Fund Business Day, the next following Fund Business Day should be the relevant Averaging Date
- (v) Determination Date: 20 October 2015
- (vi) Determination Time: Official closing time of the Exchange
- (vii) Determination Agent responsible for calculating the Final Redemption Amount: Morgan Stanley & Co. International plc. 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) Provisions for determining Final Redemption Amount: Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Issuer shall redeem the Notes on the Maturity Date at the Final Redemption Amount per Note as determined by the Determination Agent as follows:

**Par + Par x Participation x Max(0%, Strategy Performance)**

Where:

“**Participation**” means 100% with a minimum of 75%;

“**Strategy Performance**” means an amount calculated by the Determination Agent using the following formula:

$$\text{Strategy}_{\text{Final}} - \text{Strategy}_{\text{Initial}}$$

“**Strategy<sub>Final</sub>**” means an amount in percentage (%) equal to the arithmetic average of the Strategy Index Value on the Averaging Dates specified in item (iv) above;

“**Strategy<sub>Initial</sub>**” means 100%;

“**Strategy Index Value**” means for any Observation Date t, an amount in percentage determined by the Determination Agent in accordance with the following formula:

$$S_t = S_{t-1} * (1 + \text{Actual Exposure}_{t-1} * \text{Fund Basket Return});$$

“**t = 0**” means the Strike Date;

“**t-1**” means the immediately preceding Observation Date;

“**Strike Date**” means 20 October 2010;

“**Observation Date**” means each Fund Business Day up to and including the Determination Date, provided that (a) If any Observation Day (which is not an Averaging Date or a Valuation Date) is a Disrupted Day in respect of the Fund, the Determination Agent shall disregard such Observation Date for the purposes of this Note; and (b) If any Observation Date, which is an Averaging Date or Valuation Date is a Disrupted Day in respect of the Underlying Share, the Date Disruption provisions above shall apply;

“**Fund Business Day**” means any day, in respect of which (i) an investor in shares of each Fund (“**Fund Shares**”) could, at its election, subscribe for or redeem Fund Shares (as applicable) and (ii) the administrator of the Fund calculates and publishes the Net Asset Value of the Fund;

“**Fund Basket Return**” means for any Observation Date t, an amount in percentage determined by the Determination Agent in accordance with the following formula:

$$\text{Fund Basket Return}_t = \sum_{i=1}^2 \left( w_i \times \frac{\text{NAV}_{i,t}}{\text{NAV}_{i,t-1}} - 1 \right);$$

“**Net Asset Value (NAV<sub>i,t</sub>)**” means the net asset value of the relevant Fund as published by or on

behalf of the Fund (or its investment manager or administrator) on the applicable Observation Date  $t$  and  $NAV_{i,0}$  will be determined on the Strike Date;

“**Actual Exposure (AE)**” means the actual exposure as measured daily and compared with the Floor and Cap to determine if a rebalancing occurs; for any Observation Date,  $AE_t$  is an amount in percentage determined by the Determination Agent based on the Actual Volatility ( $AV_t$ ) as follows:

(i)  $Cap < AV_{t-1}$  or  $AV_{t-1} < Floor$  then

$$AE_t = TE_{t-1}$$

(ii) otherwise  $AE_t = AE_{t-1}$ ;

“**Floor**” means a percentage indicatively set at 23% with a minimum of 20%; the final percentage will be determined by the end of the Offer Period;

“**Cap**” means a percentage indicatively set at 27% with a minimum of 24%; the final percentage will be determined by the end of the Offer Period;

“**Target Exposure (TE)**” means a value determined by the Determination Agent as a percentage in accordance with the following formula:

$$TE_t = \text{Min} \left( \text{Maximum Leverage}, \frac{\text{Target Volatility}}{\text{Realised Volatility}_t} \right);$$

“**Realised Volatility**” means a value calculated on the annualised exponentially weighted standard deviation of the Fund:

$$\text{Realised Volatility}_t = \sqrt{AF} \times \sqrt{\frac{\sum_{j=1}^{VOP} \left( \left( 1 - \frac{3}{VOP} \right)^j \times \left( \sum_{i=1}^2 \left( w_i \times \frac{NAV_{t,j+1}}{NAV_{t,i-j}} - 1 \right) \right)^2 \right)}{\sum_{j=1}^{VOP} \left( 1 - \frac{3}{VOP} \right)^j}}$$

“**Annualisation Factor (AF)**” means 254;

“**Volatility Observation Period (VOP)**” means 40 Observation Dates;

“**Target Volatility**” means a percentage indicatively set at 25%, with a minimum of 22%; the final percentage will be determined by the end of the Offer Period;

“**Actual Volatility (AV)**” means Actual Volatility,  $= \text{Realised Volatility}_t * AE_{t-1}$ ;

“**Maximum Leverage**” means a percentage indicatively set at 130% with a minimum of 100%; the final percentage will be determined by the end

of the Offer Period; and

**“Initial Target Exposure”** means 100%.

- (ix) Provisions for determining Final Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted: Determination Agent determination
- (x) Weighting for each Underlying: Not Applicable
- (xi) Potential Adjustment Events: Applicable
- (xii) Additional Disruption Events: Applicable
- (xiii) Other special terms and conditions: **“Method of Adjustment”** means Determination Agent Determination;

**“Extraordinary Events”** means the provisions of Section 12.1 – 12.8 of the Equity Derivatives Definitions shall not apply and are replaced by the Termination Events outlined below;

**“Termination Events”** means

(a) If, on any Observation Date, a Termination Event occurs in relation to the relevant Fund (as determined by MSI plc in its sole discretion) this shall constitute an Additional Termination Event with respect to this Transaction only with the Counterparty as the sole Affected Party. For purposes of this provision only, in providing quotations, each Reference Market-maker shall use the Reference Forward Price to be provided by MSI plc at the time such quotations are requested. The “Reference Forward Price” shall be a price per Share determined by MSI plc based upon (i) the current market price per Share at the time such quotations are requested, (ii) then prevailing interest rates, (iii) a rate reflecting the cost or benefit of borrowing or lending the Shares and (iv) a dividend rate with respect to the Shares. The factors used by MSI plc to determine the Reference Forward Price shall not otherwise be considered by the Reference Market-makers in providing their quotations

(b) “Termination Event” means any of the following with respect to each Fund:

- (1) it ceases to exist, or
- (2) the units in the Fund are reclassified or the index that the Fund tracks changes or it is acquired by or aggregated to another fund, whose mandate, risk-profile and/or benchmarks is deemed by the Determination



Agent to be different from the mandate, risk-profile and/or benchmark stated at inception(or any proposal for the foregoing occurs); or

- (3) there is a material change in its mandate, risk profile, prospectus, statement of additional information, Articles of Incorporation, investment management agreement or annual and semi-annual report, or there is a material change in any other rule, law, regulation, similar guideline, constitutional document, report or other document governing the investment by the Fund of its assets; or
- (4) any proposal to wind up the Fund or any substantive litigation by the investors in the Fund; or
- (5) (i) any cancellation, suspension or revocation of the registration or approval of the Fund Interest or the Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or any investors therein, or (iii) the Fund, the Fund Adviser or any of the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for the Fund (the **“Fund Administrator”**) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund, the Fund Adviser or the Fund Administrator; or
- (6) on or after the Strike Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any

change in the interpretation by an court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), a party determines in good faith that (A) it has become illegal to hold, acquire or dispose of Fund Interest, or (B) it will incur a materially increased cost in performing its obligations under this Transaction (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); or

- (7) there is the occurrence or existence on any Observation Date of any event, circumstance or cause beyond the control of MSI plc that has had or would be expected to have (as determined by MSI plc in its sole discretion) materially increase the cost of hedging its position with respect to the Fund, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of MSI plc shall not be deemed an increased cost of hedging; or
- (8) there is the occurrence or existence on any Observation Date of any event, circumstance or cause beyond the control of MSI plc that has had or would be expected to have (as determined by MSI plc in its sole discretion) a material adverse effect on its ability to hedge its positions with respect to the Fund or
- (9) all the Fund Interest or all or substantially all of the assets of the Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

“**Fund Interest**” means an interest issued to or held by any investor in the relevant Fund;

Condition 10.4.1 (b) and 10.4.2(b) shall not apply.

30.	<b>Commodity-Linked Provisions</b>	<b>Redemption</b>	Not Applicable
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	(Condition 11)		
31.	<b>Currency-Linked Provisions</b>	<b>Redemption</b>	Not Applicable
	(Condition 12)		
32.	<b>Inflation-Linked Provisions</b>	<b>Redemption</b>	Not Applicable
	(Condition 13)		
33.	<b>Credit Linked Redemption Provisions</b>		Not Applicable
	(Condition 19)		
34.	<b>Property-Linked Provisions</b>	<b>Redemption</b>	Not Applicable
	(Condition 14)		
35.	<b>Early Redemption Amount upon early redemption</b>		
	Early Redemption Amount(s) payable upon redemption following an event of default		As defined in Condition 2
	(Condition 21)		
	Amount payable upon redemption following the events described in Condition 10		As provided in Condition 10
	(Condition 10)		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons		An amount which the Determination Agent, in its sole and absolute discretion, determines is equal to the fair value of a Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (provided that such day is not more than 15 days before the date fixed for redemption of the Notes), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realized by the Issuer and/or any Affiliate on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Determination Agent in its sole and absolute discretion.
	(Conditions 15.2, 15.3, 15.4 and 15.5)		
36.	<b>Governing Law:</b>		English law
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>			
37.	Form of Notes:		Swedish Notes
	(Condition 3)		
38.	Additional Business Centre(s) or other special provisions relating to Payment Dates:		London and Stockholm Business Day Convention for payment purpose: Modified Following

- |     |   |                |
|-----|---|----------------|
| 39. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | No             |
| 40. | 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 |
| 41. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | Not Applicable |
| 42. | Redenomination, renominatisation and reconventioning provisions:  | Not Applicable |
| 43. | Restrictions on free transferability of the Notes:  | None           |
| 44. | Other final terms:  | Not Applicable |

**DISTRIBUTION**

- |     |  |   |
|-----|--|---|
| 45. | If syndicated, names of Managers:              | Non-syndicated  |
| 46. | If non-syndicated, name and address of Dealer: | Morgan Stanley & Co. International plc<br>25 Cabot Square<br>London E14 4QA   |
| 47. | U.S. Selling Restrictions:                     | Reg. S Compliant  |
| 48. | Non-exempt offer:                              | An offer of the Notes may be made by the Distributor other than pursuant to Article 3(2) of the Prospective Directive in Sweden (Public Offer Jurisdiction) during the period from 6 September 2010 to 14 October 2010 (Offer Period), the Issuer has the right to adjustment the Offer Period. |
| 49. | Total commission and concession:               | Not Applicable  |
| 50. | Additional selling restrictions:               | Not Applicable  |

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue of the Notes described herein pursuant to the Program for the Issuance of Notes, Series A and B of Morgan Stanley.

**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: Application will be made to the Nasdaq OMX Stock Exchange on or about the Issue Date, there is no guarantee that the Notes will be admitted to trading.

### 2. RATINGS

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

### 3. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Past and future performance including the volatility of the Underlying Shares can be obtained from Bloomberg: EACOSTE SS Equity and [www.eastcapital.com](http://www.eastcapital.com) and [ ].

### 4. OPERATIONAL INFORMATION

ISIN Code: SE0003520774

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 Sweden AB  
Corporate Registration Number: 556112-8074  
Box 7822  
103 97 Stockholm  
Sweden

Delivery: Delivery free of payment

Names and addresses of initial Paying Agent(s): Skandinaviska Enskilda Banken AB  
Kungstradgardsgatan 8  
SE-106 40 Stockholm  
Sweden

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

### 6. 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: SEK 100,000,000, subject to the final size of subscription

(iii) Estimated total expenses: Not applicable to the offer.

### 7. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	Issue Price + subscription surcharge of up to 2% of the Issue Price as charged by the Distributor
Conditions to which the offer is subject:	Not Applicable
Description of the application process:	As set out by the Distributor
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	The Issuer has the right to terminate the Offer Period and not pursue with the issuance of the Notes at any time during the Offer Period
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:	The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys
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:	The Issuer has not authorised the Distributor to distribute the Notes outside the Public Offer Jurisdiction
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	The Distributor will notify the applicants of the amount according to the agreement between the Distributor and the applicants.
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.	Garantum Fondkommission AB (the Distributor) of Norrmalmstorg 16, Stockholm, Sweden, will be the sole placer of the Notes to the Dealer.

## 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, the Guarantor or any of their 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) 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.