



STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Morgan Stanley Targeted Income Strategic Total Return Securities

Information on the Notes

ISE today began trading Morgan Stanley, 8% Targeted Income Strategic Total Return Securities (“SECURITIES”) Exchangeable for a Cash Amount Based on the CBOE Dow Jones Industrial Average BuyWrite Index (BXD Index). 14 million units were issued at an offering price of \$10.00 per share with a maturity date of July 30, 2011.

Targeted Income Strategic Total Return Securities do not guarantee any return of principal at maturity. Instead, at maturity, holders will receive for each security, a cash amount equal to the Net Entitlement Value, which is based on the performance of the CBOE Dow Jones Industrial Average BuyWrite Index. Additionally, over the term of the security, an investor’s exposure to the BXD Index will be reduced. In return, investors will receive monthly payments equivalent to 8% annually on the issue price of each security.

The BXD Index is calculated and published by the CBOE. The index measures the total rate of return of a “buy-write,” or “covered call,” strategy on the Dow Jones Industrial Average, based on a rolling one-month, at-the-money options on the Dow Jones Industrial Average. This strategy is referred to as an at-the-money covered call strategy.

Beginning in January 2008, Morgan Stanley will have the right to redeem the securities for mandatory exchange on the fifth trading day after any exchange valuation date for a cash amount equal to the Net Entitlement Value determined on that particular exchange valuation date plus accrued but unpaid interim payments. The initial Net Entitlement Value was set at \$9.88 on the day the issuer priced these securities. On any other trading day, the Net Entitlement Value will equal the Net Entitlement Value on the previous trading day multiplied by the BXD Index performance on that trading day, minus the adjustment amount.

Holders have the right to exchange their securities for the Net Entitlement Value on any trading day in any Exchange Period for a cash amount equal to the Net Entitlement Value determined on the last trading day in that Exchange Period (Exchange Valuation Date) plus any accrued and unpaid interim payments. Holders must exchange a minimum of 10,000 units at a time. The Exchange Periods are the first ten calendar days of January, April, July and October in each year, beginning in October 2005.

Unlike ordinary debt securities, the securities do not guarantee any return of principal at maturity.

There can be no assurances as to how the securities will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the securities are unique securities, and there is currently no secondary market for the securities.

Since all payments, which may be due to holders of DBY, are the sole responsibility of the Issuer, it is the credit of Morgan Stanley that stands behind DBY.

The market value for the securities will be affected by a number of factors including, but not limited to, the volatility of the CBOE DJIA BuyWrite Index, the dividend rate on the stocks underlying the CBOE DJIA BuyWrite Index, market interest and yield and the time remaining to the maturity of the securities.

Information concerning taxation may be found in the Prospectus.

The Trustee for this security is JPMorgan Chase Bank.

Trading in the shares on ISE is on a UTP basis and is subject to ISE equity trading rules. The shares will trade from 9:00 a.m. until 4:00 p.m. Eastern Time. Equity Electronic Access Members ("Equity EAMs") trading the shares during the Pre-Market Session are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Pre-Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Pre-Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Pre-Market hours may be at a disadvantage to market professionals.

Equity EAMs also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Appendix A
Exchange-Traded Fund Symbol CUSIP Number

Ticker	Fund Name	CUSIP Number
	Morgan Stanley, 8% Targeted Income Strategic Total Return Securities Exchangeable for a Cash	617 48A 684
DBY	Amount Based on the CBOE Dow Jones Industrial Average BuyWrite Index	