



Information Circular: Morgan Stanley Index-Linked Notes

To: Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

From: BX Listing Qualifications Department

DATE: January 15, 2009

Index-Linked Notes	Symbol	CUSIP Number
Morgan Stanley Protected Absolute Return Barrier Notes Based on the Value of the S&P 500 Index	AOF	617480579

Information on the Notes

Morgan Stanley (the "Issuer") has issued Protected Absolute Return Barrier Notes ("Notes") based on the value of the S&P 500 Index (the "Index"). The Notes were priced at \$10 each and mature on January 20, 2010.

Unlike ordinary debt securities, the Notes do not pay interest. Instead, the Notes will pay at maturity the \$10 stated principal amount of each Note plus a Supplemental Redemption Amount that will be paid only if the value of the Index remains within the Index Range specified below at all times throughout the term of the Notes.

The Supplemental Redemption Amount will equal:

- If at all times during the observation period the value of the Index is within the Index Range:

\$10 x Absolute Index Return

- If at any time on any day during the observation period the value of the Index is outside the Index Range:

\$0

The Index Range includes any value of the Index that is:

- (i) greater than or equal to: 1,002.032 and;
- (ii) less than or equal to: 1,503.048.

The Absolute Index Return will equal:

$$\frac{\text{Final Index Value} - \text{Initial Index Value}}{\text{Initial Index Value}}$$

Please see the prospectus for the Notes for more details regarding the calculations.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. The Notes will trade from 8:00 a.m. until 7:00 p.m. Eastern Time. Additional risks may exist with respect to trading the Notes during BX's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the BX Conduct Rules.

Members 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 Information Circular is not a statutory prospectus. BX members should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

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- [BX Market Sales](#) at 800.846.0477