

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

From: BX Listing Qualifications Department

DATE: January 15, 2009

Overview

The 9% Targeted Income Strategic Total Return Securities will trade with the ticker symbol NBXH, and the CUSIP number is 61747Y816.

Description

The securities make monthly payments at an annual rate of 9% on the \$10 principal amount of each security, and upon maturity, exchange, or redemption, the securities pay a net entitlement value based upon the performance of the CBOE NASDAQ-100 BuyWrite Index, which represents an at-the-money covered call strategy on the NASDAQ-100 Index. The net entitlement value of the securities is reduced by an adjustment factor, which on an annualized basis will reduce the net entitlement value by 9% of the issue price of the securities (to take into account the interim payments on the securities) and by an additional 2% of the net entitlement value on each trading day. The securities are unsecured debt securities of Morgan Stanley and are non-principal protected (i.e., at maturity, investors may receive less, and possibly substantially less, than the original public offering price). As such, the securities have certain unique characteristics, and investors must receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- These securities do not guarantee return of principal.
- The initial net entitlement value and the adjustment amount will have the effect of reducing your participation in the BXN Index.
- The appreciation of the BXN Index may be less than that of the NASDAQ-100 Index due to the effect of the BXN Index's buy-write strategy.
- Investment in the securities is not the same as investing directly in the BXN Index or pursuing a buy-write strategy directly.
- The securities may trade at prices that do not reflect the value of the BXN Index.

Other Important Information

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. The market value for the securities will be affected by a number of factors including, but not limited to:

- The value of the Index.
- The volatility of the Index.
- Interest and dividend yield rates in the market.
- The dividend rate on the stocks underlying the Index.
- Events that affect the stocks underlying the Index or stock markets generally that may affect the value of the Index.
- The liquidity of the call option on the NASDAQ-100 Index included in the BXN Index each month.

- Morgan Stanley's creditworthiness.

Before a member may recommend a transaction in the securities to a customer, the member must have reasonable grounds for believing (and must reasonably believe) that the recommendation is suitable for such customer based on the facts disclosed by such customer as to his other security holdings and as to his financial situation and needs. A member is required to make reasonable efforts to obtain information concerning the customer's financial status, tax status and investment objectives, and such other information used or considered reasonable by the member in making recommendations to the customer. Members are requested to communicate this information to all branches.

Trading Hours

The securities will trade on BX between 8:00 a.m. and 7:00 p.m. ET. For trading during BX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the securities during these sessions, when the underlying index's values may not be disseminated.

Contact Information

For additional information regarding the securities, please see:

- The Prospectus Supplement, filed with the Securities and Exchange Commission (SEC) by Morgan Stanley on or about November 28, 2005.
- The Prospectus of Morgan Stanley relating to this transaction was filed with the SEC on November 10, 2004.

Any additional questions can be directed to:

- Will Slattery, BX Listing Qualifications, at 301.978.8088
- BX Market Sales at 800.846.0477

*** The CUSIP Number on this notice is not provided by the American Banking Association and has been independently gathered.**