



Information Circular: Morgan Stanley PLUS

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 Performance Leveraged Upside Securities Based on the S&P 500 Index | SKE | 61747W166 |

Information on the Notes

Morgan Stanley (the "Issuer") has issued Performance Leveraged Upside Securities ("PLUS") based on the performance of the S&P 500 Index (the "Index"). The PLUS were priced at \$10 each and mature on April 20, 2008.

As more fully set forth in the Prospectus Supplement, at maturity, the PLUS will automatically redeem for cash based on the performance of the Index. The PLUS are not principal protected and will not be redeemable by the investor or the Issuer prior to maturity.

At maturity, if the Final Index Value is greater than the Initial Index Value, investors will receive:

$$\$10 + (\$10 \times 300\% \times \text{Index Percent Increase})$$

Subject to a maximum payment at maturity of \$11.90 per PLUS.

The Index Percent Increase equals:

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

If the Final Index Value is less than or equal to the Initial Index Value, investors will receive:

$$\$10 \times (\text{Final Index Value} / \text{Initial Index Value})$$

This amount will be less than or equal to the stated \$10 principal amount.

The Initial Index Value is 1,329.51. The Final Index Value is the closing value of the Index on April 16, 2009.

It is expected that the market value of the PLUS 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.

The Trustee for the securities is The Bank of New York.

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

Trading of the PLUS on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the PLUS 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 PLUS for additional information.

Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), BX Listing Qualifications, at 301.978.8088
- [BX Market Sales](#) at 800.846.0477