



Information Circular: Morgan Stanley SPARQS

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

From: BX Listing Qualifications Department

DATE: January 15, 2009

| Equity-Linked Notes | Symbol | CUSIP Number |
|--|--------|--------------|
| Morgan Stanley Stock Participation Accreting Redemption Quarterly-pay Securities Mandatorily Exchangeable for Common Stock of Target Corporation | MNM | 61747W372 |

Information on the Notes

Morgan Stanley (the "Issuer") has issued 12.5% Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") mandatorily exchangeable for the common stock of Target Corporation ("Target"). The SPARQS were priced at \$10 each and mature on February 20, 2009.

The SPARQS will pay 12.5% coupon per annum, payable quarterly beginning May 20, 2008. If not previously called by the Issuer, investors will receive 0.25 shares of Target common stock per SPARQS at maturity.

SPARQS are not principal protected and Target is not involved in the offering of SPARQS in any way and will have no obligation with respect to the SPARQS.

Beginning August 20, 2008, the Issuer may call all of the SPARQS for a cash call price that, together with coupons paid from the original issue date through the call date, gives a yield to call of 20% of the original issue price.

All payments which may be due to investors in SPARQS are the sole responsibility of the Issuer, therefore it is the credit of Morgan Stanley and not Target that stands behind the SPARQS.

Investors in SPARQS will not be entitled to any rights with respect to Target until such time as the Issuer shall deliver Target shares to investors in the SPARQS at maturity.

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

It is expected that the market value of the SPARQS will depend substantially on the value of Target and may be affected by a number of other interrelated factors including, among other

things: the general level of interest rates, the volatility of Target stock, the time remaining to maturity, the dividend yield of Target stock, and the credit ratings of the Issuer.

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

Trading in the SPARQS on BX is on a UTP basis and is subject to BX equity trading rules. The SPARQS will trade from 8:00 a.m. until 7:00 p.m. Eastern Time. Additional risks may exist with respect to trading the SPARQS during BX's Pre-Market and Post-Market sessions.

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

Inquiries regarding this Information Circular should be directed to:

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