



Information Circular: Morgan Stanley PLUS

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

From: William Slattery, PHLX Listing Qualifications Department

Index-Linked Notes	Symbol	CUSIP Number
Morgan Stanley Buffered Performance Leveraged Upside Securities Based on the Performance of the S&P 500 Index	BTQ	617483797

Information on the Notes

Morgan Stanley (the "Issuer") has issued Buffered 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 December 20, 2010.

As more fully set forth in the Prospectus, the PLUS will pay no interest, provide only a minimum return of 10% of principal at maturity and have the terms described in the prospectus for PLUS, as supplemented or modified by any pricing supplement. At maturity, if the Index has appreciated in value, investors will receive the stated principal amount of their investment plus leveraged upside performance of the Index, subject to a maximum payment at maturity. At maturity, if the Index has depreciated in value, and (i) if the closing value of the Index has not declined by more than the specified buffer amount, the PLUS will redeem for par, or (ii) if the closing value of the Index has declined by more than the buffer amount, investors will lose 1% for every 1% decline beyond the specified buffer amount, subject to a minimum payment at maturity.

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

$$\$10 + (\$10 \times 200\% \times \text{Index Percent Increase})$$

Subject to a maximum payment at maturity of \$16.00 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, but has decreased from the Initial Index Value by an amount less than or equal to the buffer amount of 10%, investors will receive:

$$\$10$$

If the Final Index Value is less than or equal to the Initial Index Value, and has decreased from the Initial Index Value by an amount greater than the buffer amount of 10%, investors will receive:

$$(\$10 \times (\text{Final Index Value} / \text{Initial Index Value})) + \$1.00$$

The Initial Index Value of the Index is 863.16. The Final Index Value is the closing value of the Index on December 16, 2010.

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

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.

Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during PSX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares Notes if the primary market delists the Notes.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PSX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds broker-dealers 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. PHLX members and member organizations should consult the registration statement or prospectus for the PLUS for additional information.

Inquiries regarding this Information Circular should be directed to:

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- [PSX Market Sales](#) at 800.846.0477