



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 10% Stock Participation Accreting Redemption Quarterly-pay Securities Mandatorily Exchangeable for Common Stock of Baker Hughes Inc.	BSL	617480165

Information on the Notes

Morgan Stanley (the "Issuer") has issued 10% Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") mandatorily exchangeable for the common stock of Baker Hughes Inc. ("Baker"). The SPARQS were priced at \$ 20.92 each and mature on May 20, 2009.

The SPARQS will pay 10% coupon per annum, payable quarterly beginning August 20, 2008. If not previously called by the Issuer, investors will receive 0.25 shares of Baker common stock per SPARQS at maturity. SPARQS are not principal protected and Baker is not involved in the offering of SPARQS in any way and will have no obligation with respect to the SPARQS.

Beginning November 20, 2008, the Issuer may call all of the SPARQS for a cash call price that, together with coupons paid from the issue date through the call date, gives the SPARQS a yield to call of 17% of the issue price.

Since all payments which may be due to holders of SPARQS are the sole responsibility of the Issuer, it is the credit of Morgan Stanley which stands behind the SPARQS.

Investors in SPARQS will not be entitled to any rights with respect to Baker until such time as the Issuer shall deliver Baker shares to investors in the ELKS, if applicable.

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

Investors should note that Baker is not involved in the subject offering and has no obligation with respect to these securities whatsoever, including any obligations with respect to the principal amount to be paid at maturity, or to take the needs of the Issuer or holders of SPARQS into consideration. Any dividends or distributions to the underlying common stock will not be paid to holders of SPARQS.

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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- [BX Market Sales](#) at 800.846.0477