

STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Morgan Stanley PROtected Performance Equity Linked Securities

Information on the Notes

ISE today began trading Morgan Stanley 0.5% PROtected Performance Equity Linked Securities (“PROPELS”) Based on the Value of the S&P 500 Index. The new securities were issued at a price of \$10, with a maturity date of December 30, 2011.

As more fully set forth in the Issuer’s Prospectus and Prospectus Supplement (SEC Registration #333-106789), the aforementioned security will bear annual interest of 0.5% based on the initial offering price of \$10. Interest will be payable semi-annually, beginning December 30, 2004.

At maturity, holders will receive par (\$10) plus the Supplemental Redemption Amount, if any.

The Supplemental Redemption Amount will be the amount, if any, by which (i) the Average Protected Performance multiplied by \$10 exceeds (ii) \$0.3876 (the aggregate amount of coupons payable over the term of the PROPELS).

The Supplemental Redemption Amount cannot be less than zero.

The Average Protected Performance is:

$[(\text{Average Protected Index Value} - \text{Initial Index Value}) / \text{Initial Index Value}]$.

The Initial Index Value is 1,091.33.

The Average Protected Index Value is the arithmetic average of the Index Closing Values as determined on each Determination Date.

The Determination Dates will be the 30th of December in each year, beginning December 30, 2004.

The Index Closing Values will be as follows: On December 30, 2004, the closing value of the S&P 500 Index. Thereafter, the greater of: (i) the closing value of the S&P 500 Index on the applicable Determination Date; and (ii) the highest previous Index Closing Value.

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

There can be no assurances as to how the PROPELS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the PROPELS are unique securities, and there is currently no secondary market for the PROPELS. The market value for the PROPELS will be affected by a number of factors including, but not limited to, the volatility of The S&P 500 Index, the dividend rate on stocks underlying The S&P 500 Index, interest and yield rated in the market and the time remaining to the maturity of the PROPELS.

Information concerning taxation may be found in the Prospectus.

The Trustee for this security is JP Morgan Chase Bank.

Trading in the shares on ISE is on a UTP basis and is subject to ISE equity trading rules. The shares will trade from 9:00 a.m. until 4:00 p.m. Eastern Time. Equity Electronic Access Members ("Equity EAMs") trading the shares during the Pre-Market Session are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Pre-Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Pre-Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Pre-Market hours may be at a disadvantage to market professionals.

Equity EAMs 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 Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Appendix A
Exchange-Traded Fund Symbol CUSIP Number

Ticker	Fund Name	CUSIP Number
PEL	Morgan Stanley 0.5% PROtected Performance Equity Linked Securities Based on the Value of the S&P 500 Index	617 46S 87 7