



STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Morgan Stanley PLUS

Information on the Notes

Morgan Stanley (the “Issuer”) has issued Outperformance Performance Leveraged Upside Securities (“PLUS”) based on the performance of the S&P 100 Index Relative to the Russell 2000 Index. The PLUS were priced at \$10 each and mature on December 20, 2008.

PLUS are senior unsecured obligations of the Issuer and provide the opportunity to gain capped leveraged exposure to the relative outperformance of the S&P 100 Index over the Russell 2000 Index. The PLUS will not pay interest and do not offer any principal protection.

At maturity, if the return of the S&P 100 Index is greater than or equal to the return of the Russell 2000 Index, investors will receive:

$$\$10 \times [1 + (\text{Outperformance Return} \times 300\%)]$$

Payment at maturity will not be greater than \$11.80 per PLUS.

If the return of the Russell 2000 Index is greater than the return of S&P 100 Index, investors will receive:

$$\$10 \times (1 + \text{Outperformance Return})$$

The Outperformance Return is calculated as follows:

$$(\text{S\&P 100 Index Return} - \text{Russell 2000 Index Return})$$

If the S&P 100 Index outperforms the Russell 2000 Index, this number will be positive, resulting in positive returns for investors. If the S&P 100 Index does not outperform the Russell 2000 Index, this number will be zero or a negative number, which would result in zero or negative returns for investors.

The initial value of the S&P 100 Index is 673.71 and the initial value of the Russell 2000 Index is 755.03.

Investors should note that investing in the PLUS is not equivalent to investing in either the S&P 100 Index or the Russell 2000 Index. Also, the market value of the PLUS will depend substantially on the value of the underlying indexes. Other factors that will likely affect the trading value of the PLUS are changes in interest rates, volatility of the securities underlying the indexes, the time remaining to maturity, and the credit rating of the Issuer.

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

Several factors, many of which are beyond the Issuer's control, will influence the value of the notes in the secondary market and the price at which the Issuer may be willing to purchase or sell the notes in the secondary market, including: the value of each of the basket indices at any time and, in particular, on the determination date, the volatility of the basket indices, interest and yield rates in the market, geopolitical conditions and economic, financial, political and regulatory or judicial events, the time remaining to the maturity of the notes, the dividend rate on the stocks underlying the basket indices and the Issuer's creditworthiness.

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
RAO	Morgan Stanley Outperformance PLUS (Performance Leveraged Upside Securities) based on the performance of the S&P 100 Index Relative to the Russell 2000 Index	617475322