



Information Circular: Morgan Stanley

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

From: NASDAQ / BX / PHLX Listing Qualifications Department

Date: March 17, 2011

Exchange-Traded Notes

Symbol **CUSIP #**

Morgan Stanley Cushing MLP High Income Index
Exchange-Traded Notes

MLPY 61760E846

Information on the Notes

Morgan Stanley (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") linked to the Cushing MLP High Income Index (the "Index"). The maturity date is March 21, 2031. The ETNs may pay a quarterly coupon during their term, but unlike ordinary debt securities, the ETNs do not pay fixed periodic interest and do not guarantee any return of principal.

The ETNs are based on the performance of the Index, which is a criteria-weighted index tracking the performance of 30 Master Limited Partnerships ("MLPs") in the North American energy industry. These Index constituents are chosen for having the highest current indicative yields among MLPs meeting certain criteria set forth in the prospectus for the ETNs. The "current indicative yield" of an MLP is defined by the index methodology as the last quarterly distribution annualized divided by the current stock price, with adjustment in some cases made for more current information. Since the current indicative yield reflects only the last quarterly distribution by the MLP, there can be no assurance that the MLPs included in the Index based on this past performance will make any distributions in the next or any future period.

At maturity, or upon an earlier repurchase of the ETNs, investors will receive an amount of cash based on the positive or negative performance of the Index less the cumulative tracking fee. Consequently, if the value of the Index on the applicable valuation date has decreased or has not increased sufficiently from the time of purchase to offset the tracking fee, investors will receive less than the purchase price of the ETNs. In addition, the level of the Index is expected to increase in value if the MLPs chosen by the Index methodology increase in value and, conversely, the level of the Index will decline if the MLPs constituting the Index decrease in value. Investors must be willing to accept the risk of loss of some or all of their investment. The ETNs are senior unsecured debt securities of the Issuer and are therefore subject to the credit risk of the Issuer.

The payment at maturity may result in a significant or complete loss, but will not be less than \$0.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes 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 NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. 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 NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market'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.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of 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, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

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.

Nasdaq members, BX members and PHLX members and member organizations should also 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. NASDAQ members, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Listing Qualifications, at 301.978.8088
- NASDAQ / BX/ PSX Market Sales at 800.846.0477