



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

Index-Linked Notes	Symbol	CUSIP Number
Morgan Stanley Stock Participation Accreting Redemption Quarterly-pay Securities Mandatorily Exchangeable for Common Stock of Apple Inc.	AHY	617475561

Information on the Notes

Morgan Stanley (the "Issuer") has issued Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") mandatorily exchangeable for common stock of Apple Inc. ("Apple"). The Notes were priced at \$10.00 per security and mature on July 20, 2008.

SPARQS pay a relatively high fixed quarterly coupon compared to the dividend yield of the underlying stock in exchange for a limit on the opportunity for appreciation. Regardless of the stated maturity, SPARQS are callable by the issuer at any time after the first call date, January 20, 2008. If called, the SPARQS will return the yield to call, inclusive of any coupons previously paid and accrued to the call date. If not called, the SPARQS will return, at maturity, a fixed number of shares of the underlying stock per SPARQS. SPARQS are not principal protected.

The SPARQS have a coupon of 10% per annum, payable quarterly beginning October 20, 2007.

At maturity, unless previously called by the Issuer, each SPARQS will be exchanged into Apple stock at the exchange ratio of 0.20 shares of common stock per SPARQS.

Beginning on January 20, 2008, the Issuer may call the SPARQS for a cash call price that, together with coupons paid from the original issue date through the call date, implies an annualized rate of return on the stated principal amount equal to the yield to call of 19%. If the Issuer calls the SPARQS, at least 10 but not more than 30 calendar days notice will be given before the call date specified in the notice.

Investors should be aware that Apple is not involved with this offering in any way and that the Issuer has not made any due diligence inquiry in connection with this offering. Also, SPARQS offer no guaranteed return of principal. Your return on the SPARQS is limited by the Issuer's call right. Secondary trading may be limited and the inclusion of commissions and projected profit from hedging in the original issue price is likely to adversely affect secondary market prices.

Trading in the SPARQS on BX is on a UTP basis and is subject to BX equity trading rules. The Notes will trade from 8:00 a.m. until 7:00 p.m., Eastern Time (ET). The SEC short sale rule (SEC Rule 10a-1) applies to trading in the SPARQS.

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:

- [Will Slattery](#), Director, BX Listing Qualifications, at 301.978.8088
- [BX Market Sales](#) at 800.846.0477