



STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Morgan Stanley Market Participation Securities with Minimum Return Protection

Information on the Notes

ISE today began trading Morgan Stanley Market Participation Securities with Minimum Return Protection (“MPS”) based upon the value of the Russell 2000 Index. 8.9 million shares of the new seven-year MPS were issued at \$10 principal amount, with a maturity date of December 30, 2009.

As more fully set forth in the Issuer’s Registration Statement (#333-83616), and Prospectus Supplement, the MPS are medium term debt securities of Morgan Stanley, which are being offered at an original price of 100% of the principal amount (\$10) and will not bear any periodic payments of interest. MPS will not be redeemable by the holder or callable by the Issuer prior to maturity. At maturity, each Unit will entitle the holder to receive the index-linked payment amount equal to \$10 multiplied by the product of the quarterly performance amounts of the Russell 2000 Index for each of the 28 quarterly valuation periods during the term of the MPS.

However, if the index-linked payment amount is less than the minimum payment amount of \$11.47, holders will receive the minimum payment amount for each MPS.

The quarterly performance amount in each quarterly valuation period is equal to (i) the closing value of the Russell 2000 Index at the end of that quarterly valuation period divided by (ii) the closing value of the Russell 2000 Index at the beginning of that quarterly valuation period, subject to a maximum quarterly performance amount of 10%. The maximum quarterly performance amount is equivalent to a return of the Russell 2000 Index of 1.10 in that quarter. As a result of the maximum quarterly performance amount, the maximum amount payable for each MPS is \$144.20.

The Russell 2000 Index is an index calculated, published and disseminated by Frank Russell Company (“FRC”). It measures the composite price performance of 2,000 common stocks of corporations with small capitalizations relative to other stocks in the U.S. equity market. The Russell 2000 Index consists of the smallest 2,000 companies in the Russell 3,000 Index and represents 8% of the total capitalization of the Russell 3000 Index.

It is expected that the market value of the MPS will be affected by the value of the Index, by a number of other interrelated factors including, among other things: the general level

of interest rates, the volatility of the Russell 2000 Index, the time remaining to maturity, the dividend rate on stocks underlying the Russell 2000 Index, and the credit rating of the Issuer.

Investing in the MPS is not equivalent to investing in the Russell 2000 Index.

Ownership of the MPS will be maintained in book-entry form by or through The Depository Trust Company.

MSU will be quoted and trade as an equity issue in round lots of 100, and will trade "flat" without accrued interest.

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
MSU	Morgan Stanley Market Participation Securities with Minimum Return Protection (“MPS”) based upon the value of the Russell 2000 Index	617 44Y 16 5