



To: Head of NASDAQ Trading; Structured Products Traders; Compliance Officers

From: BX Listing Qualifications Department

Date: January 15, 2009

Overview

The PLUS based upon the value of the Dow Jones EURO STOXX 50 (the "Index") trade with the ticker symbol ESTX and the CUSIP number is 61746 S 41 4.

Description

The PLUS are designed for investors who want to participate in possible increases in the Index, subject to a cap, and who are willing to forego market interest payments on the PLUS during the PLUS' term. The Index was created by STOXX Limited. The Index is calculated with the "Laspeyres formula," which measures the aggregate price changes in the component stocks against a fixed quantity weight and is composed of 50 component stocks of market sector leaders from within the Dow Jones Euro STOXX 50 Index. The PLUS are unsecured debt securities of Morgan Stanley and are non-principal protected (i.e., at maturity, investors may receive less, and possibly substantially less, than the original public offering price). As such, the PLUS have certain unique characteristics, and investors must receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- The PLUS combine features of equity and debt instruments. The terms of the PLUS differ from those of ordinary debt securities in that they do not pay a fixed income at maturity. At maturity, if the value of the Index has increased, an investor will be entitled to receive a payment on the PLUS based on triple the amount of that percentage increase, but subject to a maximum payment. As a result, an investor does not participate in increases in the Index above a predetermined percentage of the closing value of the Index on the date the PLUS are priced for initial sale to the public. Unlike ordinary debt securities, the PLUS do not guarantee any return of principal at maturity. Therefore, if the value of the Index has declined at maturity, an investor will receive less, and possibly significantly less, than the original public offering price of \$10.00 per unit. The payment that an investor will be entitled to receive depends entirely on the relation of the value of the Index on the second scheduled trading day prior to the maturity date to the closing value of the Index on the date that the PLUS are priced for initial sale to the public.
- Investing in the PLUS is not equivalent to investing in the component stocks of the Index.
- As an owner of the PLUS, an investor will not have any voting rights or rights to receive dividends or other distributions, or any other rights with respect to the stocks underlying the Index.
- The PLUS will not pay interest. Instead, investors may receive a payment on the PLUS at maturity, which may be more or less (and possibly significantly less) per share than the original public offering price of \$10.

Other Important Information

There can be no assurances as to how the PLUS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the PLUS are unique securities, and there is currently no secondary market for the PLUS. The market value for the PLUS will be affected by a number of factors including, but not limited to:

- The value of the Index.
- The volatility of the Index.
- Interest and dividend yield rates in the market.
- The dividend rate on the stocks underlying the Index.
- Events that affect the stocks underlying the Index or stock markets generally that may affect the value of the Index.
- The time remaining until the PLUS mature.
- Morgan Stanley's creditworthiness.

Before a member may recommend a transaction in the PLUS to a customer, the member must have reasonable grounds for believing (and must reasonably believe) that the recommendation is suitable for such customer based on the facts disclosed by such customer as to his other security holdings and as to his financial situation and needs. A member is required to make reasonable efforts to obtain information concerning the customer's financial status, tax status and investment objectives, and such other information used or considered reasonable by the member in making recommendations to the customer. Members are requested to communicate this information to all branches.

Trading in the PLUS on BX is on a UTP basis and is subject to BX equity trading rules. The PLUS will trade from 8:00 a.m. until 7:00 p.m. Eastern Time. Additional risks may exist with respect to trading the PLUS during BX's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

Contact Information

For additional information regarding the PLUS, please see:

- The Prospectus Supplement, filed with the Securities and Exchange Commission (SEC) by Morgan Stanley.
- The Prospectus of Morgan Stanley relating to this transaction was filed with the SEC on August 26, 2003.

Any additional questions can be directed to:

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

*** The CUSIP Number on this notice is not provided by the American Banking Association and has been independently gathered.**