

STOCK EXCHANGE			
Regulatory Information Circular			
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**Subject: Morgan Stanley, Strategic Total Return Securities**

**Information on the Notes**

ISE today began trading Morgan Stanley, 8% Targeted Income Strategic Total Return Securities (“STARS”) Exchangeable for a Cash Amount Based on the CBOE S&P 500 BuyWrite Index (*BXM Index*). 32.5 million units were issued at an offering price of \$10.00 per share with a maturity date of March 30, 2010.

Targeted Income Strategic Total Return Securities do not guarantee any return of principal at maturity. Instead, at maturity, holders will receive for each security, a cash amount equal to the Net Entitlement Value, which is based on the performance of the CBOE S&P500 BuyWrite Index. Additionally, over the term of the security, an investor’s exposure to the BXM Index will be reduced. In return, investors will receive monthly payments equivalent to 8% annually on the issue price of each security.

The BXM Index is calculated and published by the CBOE. The index measures the total rate of return of a “buy-write,” or “covered call,” strategy on the S&P 500 Index, based on a rolling one-month, at-the-money options on the S&P 500 Index. This strategy is referred to as an at-the-money covered call strategy. The initial BXM Index Value is 675.67, the closing price of the index on the pricing date.

Beginning in September 2007, Morgan Stanley will have the right to redeem the securities for mandatory exchange on the fifth trading day after any exchange valuation date for a cash amount equal to the Net Entitlement Value determined on that particular exchange valuation date plus accrued but unpaid interim payments. The initial Net Entitlement Value was set at \$9.88 on the day the issuer priced these securities (Wednesday, March 23, 2005). On any other trading day, the Net Entitlement Value will equal the Net Entitlement Value on the previous trading day multiplied by the BXM Index performance on that trading day, minus the adjustment amount. This “Entitlement Value” computation is being calculated and managed on a daily basis by analysts at the American Stock Exchange and can be found under the Amex ticker symbol, “ETZ.” If Morgan Stanley decides to redeem the STARS, holders will be notified at least 10 but not more than 30 calendar days before the exchange date specified in the notice.

Holders have the right to exchange their securities for the Net Entitlement Value on any trading day in any *Exchange Period* for a cash amount equal to the Net Entitlement Value determined on the last trading day in that Exchange Period (Exchange Valuation Date) plus any accrued and unpaid interim payments.. Holders must exchange a minimum of 10,000 units at a time. The Exchange Periods are the first ten calendar days of March,

June, September and December in each year, beginning in June 2005, and ending December 2009.

Unlike ordinary debt securities, the STARS do not guarantee any return of principal at maturity.

There can be no assurances as to how the STARS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the STARS are unique securities, and there is currently no secondary market for the STARS.

Since all payments, which may be due to holders of MBJ, are the sole responsibility of the Issuer, it is the credit of Morgan Stanley that stands behind MBJ.

The market value for the STARS will be affected by a number of factors including, but not limited to, the volatility of the S&P 500 Index, the dividend rate on the stocks underlying the S&P 500 Index, market interest and yield and the time remaining to the maturity of the STARS.

Information concerning taxation may be found in the Prospectus.

The Trustee for this security is JPMorgan Chase Bank.

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**

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP Number</b>
MBJ	Morgan Stanley, 8% Targeted Income Strategic Total Return Securities Exchangeable for a Cash Amount Based on the CBOE S&P 500 BuyWrite Index	617 46Y 734