



Information Circular: Morgan Stanley Index-Linked Notes

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

From: William Slattery, Associate Vice President, NASDAQ Listing Qualifications Department

DATE: September 25, 2008

Index-Linked Notes	Symbol	CUSIP Number
Morgan Stanley Protected Absolute Return Barrier Notes Based on the Value of the S&P 500 Index	SDG	617483888

Information on the Notes

Morgan Stanley (the "Issuer") has issued Protected Absolute Return Barrier Notes ("Notes") based on the value of the S&P 500 Index (the "Index"). The Notes were priced at \$10 each and mature on March 20, 2010.

If held to maturity, investors will receive an amount in cash equal to \$10 plus the Supplemental Redemption Amount, if any, calculated as follows:

- If at all times during the Observation Period the Index Value is within the Index Range: \$10 times the Absolute Index Return; or
- If at any time on any day during the Observation Period the Index Value is outside the Index Range: \$0.

The Index Range is any value of the Index that is:

- Greater than or equal to 796.1074; and
- Less than or equal to 1,580.3326.

The Supplemental Redemption Amount shall not be less than \$0. The payment at maturity shall not be less than the stated principal amount of \$10. The maximum payment at maturity is \$13.30 per Note.

The Absolute Index Return is calculated as follows:

- Absolute value of: $(\text{Final Index Value} - \text{Initial Index Value}) / \text{Initial Index Value}$

The Initial Index Value is 1,188.22. The Ending Value of the Index will be determined closer to the maturity date.

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

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](#). The Notes will trade from 7:00 a.m. until 8:00 p.m. Eastern Time. Additional risks may exist with respect to trading the Notes during Nasdaq's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

Trading of the Notes on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in the Notes 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 NASDAQ 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. NASDAQ members should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

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