

To: [REDACTED]  
From: Steven Elkman  
Sent: Tue 7/20/2010 6:20:24 PM  
Subject: Fw: S&P Step-Up Note - new trade idea  
07202010 - SPX Step-Up Range Accrual.pdf  
07202010 - SPX Step-Up Range Accrual.pdf

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Elkman/db/dbcom on 07/20/2010 02:20 PM -----

William  
Bacas/db/dbcom To [REDACTED]  
  
07/20/2010 02:17  
PM  
  
cc

Subject S&P Step-Up Note - new trade idea

All,

Based on a reverse inquiry we received from a client we priced up a step-up range accrual note on the S&P 500. The pricing was attractive and we felt warranted showing it directly to the whole system.

There is a closing date on this note of July 30, 2010 and docs are attached below.

**S&P Step-Up Range Accrual Note**

Underlying: S&P 500 (SPX)

Maturity: 15yr/1nc (Note has 15yr maturity but may be called after the 1st year and quarterly thereafter)

Coupons: 1st 3 years = 7.00% (regardless of S&P level)

Then,

8.00% for 3yrs  
10.0% for 3yrs  
12.0% for 3yrs  
15.0% for 3yrs  
...for every day the S&P >= 850

YTM: 9.38% p.a. assuming SPX > 850 throughout  
Index spot: 1073 (approx 20.10% cushion)  
Callable: 7/30/11  
Dates: Monthly pay / quarterly call  
Issuer: Morgan Stanley (A2/A)  
CUSIP 61745E2Q3  
Closing: July 30, 2010

*(See attached file: 07202010 - SPX Step-Up Range Accrual.pdf)*

Upon your review let me know if you may have interest and as always please feel free to call if you'd like to discuss further.

Regards,

Will

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