Morgan Stanley has issued Performance Leveraged Upside Securities ("PLUS") based on the Dow Jones Industrial Average (the "Index"). The Securities were issued at $10 per PLUS and will mature on May 20, 2008. As more fully set forth in the Prospectus Supplement, PLUS will automatically redeem for cash based on the performance of the Index at maturity. PLUS are not principal protected and do not pay interest.

At Maturity, if the Final Index Value is less than or equal to the Initial Index Value, investors will receive:

\[ $10 \times \left( \frac{\text{Final Index Value}}{\text{Initial Index Value}} \right) \]

This amount will be less than or equal to the stated principal amount of $10.

If the Final Index Value is greater than the Initial Index Value, investors will receive:

\[ $10 + (10 \times 200\% \times \text{Index Percent Increase}) \]

Subject to a Maximum Payment at maturity of $11.30 per PLUS

The Index Percent Increase equals:

\[ \frac{\text{Final Index Value} - \text{Initial Index Value}}{\text{Initial Index Value}} \]

It is expected that the market value of the PLUS will be affected by the value of the Index and 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 rate on stocks underlying the Index and the credit rating of the issuer, Morgan Stanley.

Also note that investing in the PLUS is not equivalent to investing in the Index.

The Initial Index Value of the Dow Jones Industrial Average is 12,919.40. The Final Index Value is the closing value of the Dow Jones Industrial Average on May 16, 2008.
Trading in PLUS on NASDAQ is subject to NASDAQ equity trading rules. The PLUS product will trade from 7:00 a.m. until 8:00 p.m., Eastern Time (ET). The SEC short sale rule (SEC Rule 10a-1) applies to trading in the PLUS products.

Trading of PLUS on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Members recommending transactions in PLUS 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 PLUS product for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Market Sales at 800.846.0477