The NASDAQ Stock Market LLC ("NASDAQ") began operating as a national securities exchange for trading non-NASDAQ listed securities on February 12, 2007. As a result, Morgan Stanley, Capital Protected Notes based on the values of the S&P 500 Index ("Notes") that previously traded through our systems on an over-the-counter basis are being traded by NASDAQ as an exchange on an unlisted trading privileges (UTP) basis for the first time.

Index-Linked Notes Symbol CUSIP Number

S&P 500 Index NPS 61746Y288

Capital Protected
Notes, due
June 30, 2011

The “relevant link” above is to an information circular regarding the Notes prepared by their listing market, The American Stock Exchange. NASDAQ members should consult this information circular, which contains important information about the characteristics of the Notes and the principal risks of an investment in the Notes.

Trading in the Notes on NASDAQ is subject to NASDAQ equity trading rules. The Notes will trade from 7:00 a.m. until 8:00 p.m. SEC Rule 10a-1 (the SEC short sale rule) applies to trading in the Notes.

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, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Office of General Counsel at 301.978.8400
- NASDAQ Market Sales at 800.846.0477