Information Circular: Morgan Stanley PLUS

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

From: William Slattery, Director, NASDAQ Listing Qualifications Department

DATE: September 24, 2007

Index-Linked Notes Symbol CUSIP Number

Morgan Stanley Performance Leveraged Upside Securities Based on the value of the S&P 500 Index Due October 20, 2008

SBK 617475470

Information on the Notes

Morgan Stanley (the “Issuer”) has issued Performance Leveraged Upside Securities (“PLUS”) based on the value of the S&P 500 Index (the “Index”). The PLUS were priced at $10 each and mature on October 20, 2008.

PLUS offer investors the potential to capture enhanced returns relative to a direct investment in the Index within a certain range of price performance. PLUS do not offer guaranteed return of principal and the appreciation potential is limited by the maximum payment at maturity.

At maturity, investors in PLUS will receive:

1) If the Final Index Value is greater than the Initial Index Value:

   $10 + ($10 x 200% x Index Percent Increase)

Payment is subject to a maximum payment at maturity of $11.40.

2) If the Final Index Value is less than or equal to the Initial Index Value:

   $10 x (Final Index Value / Initial Index Value)

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

The Initial Index Value is 1,525.75. The Final Index Value is the closing value of the Index on October 16, 2008, subject to adjustment for certain market disruption events. The Index Percent Increase is calculated as follows:

   (Final Index Value – Initial Index Value) / Initial Index Value
Investors should note that secondary trading in the PLUS may be limited, and the inclusion of commissions and projected profit from hedging in the original issue price is likely to adversely affect secondary market prices. Also, the market price of the PLUS will be influenced by many unpredictable factors, including the value, volatility and dividend yield of the Index.

The Trustee for the securities is The Bank of New York.

Trading in the PLUS on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. The PLUS will trade from 7:00 a.m. until 8:00 p.m. Eastern Time.

Trading of the PLUS on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Members recommending transactions in the 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 FINRA 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 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