



Information Circular: Morgan Stanley SPARQS

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

Equity-Linked Notes	Symbol	CUSIP Number
Morgan Stanley 8% Stock Participation Accreting Redemption Quarterly-pay Securities Mandatorily Exchangeable for Common Stock of Weatherford International Ltd.	FWT	617475496

Information on the Notes

Morgan Stanley (the "Issuer") has issued 8% Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") mandatorily exchangeable for common stock of Weatherford International Ltd. ("Weatherford"). The SPARQS were priced at \$ 17.3425 each and mature on October 20, 2008.

SPARQS pay a relatively high fixed quarterly coupon compared to the dividend yield of the underlying stock in exchange for a limit on the opportunity for appreciation. Regardless of the stated maturity, SPARQS are callable by the issuer at any time after the first call date, typically 6 to 7 months from the issue date. If called, the SPARQS will return the yield to call, inclusive of any coupons previously paid and accrued to the call date. If not called, the SPARQS will return, at maturity, a fixed number of shares of the underlying stock per SPARQS. SPARQS are not principal protected.

The SPARQS pay a coupon of 8% per annum, paid on the 20th of January 2008, April 2008, July 2008, and October 2008.

If not previously called by the Issuer, investors will receive 0.25 shares of Weatherford common stock per SPARQS at maturity.

The SPARQS are callable beginning April 20, 2008 up until the maturity date. The Issuer will notify the trustee at least 10 business days prior to the call date. The Yield to Call on the SPARQS is 18%. The calculation of the Yield to Call takes into account the issue price of the SPARQS, the time to the call date, the coupon payments of the SPARQS, as well as the call price. If the Issuer calls the SPARQS on any particular date during the Call Period, the call price will be an amount so that the Yield to Call on the SPARQS up to, but excluding the call date, will be 18% per annum.

Investors should note that Weatherford is not involved in the subject offering and has no obligation with respect to these securities whatsoever, including any obligations with respect to the principal amount to be paid at maturity, or to take the needs of the Issuer or holders of

SPARQS into consideration. Any dividends or distributions to Weatherford common stock shareholders will not be paid to holders of SPARQS. The SPARQS will be issued in book entry form.

Since all payments which may be due to holders of SPARQS are the sole responsibility of the Issuer, it is the credit of Morgan Stanley, and not Weatherford, which stands behind the SPARQS.

It is expected that the market value of the SPARQS will depend substantially on the value of Weatherford common stock and be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of Weatherford common stock, the time remaining to maturity, the dividend yield of Weatherford common stock, and the credit ratings of the Issuer.

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

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

Trading of the SPARQS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in the SPARQS 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 SPARQS for additional information.

Inquiries regarding this Information Circular should be directed to:

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- [NASDAQ Market Sales](#) at 800.846.0477