



## Information Circular: Morgan Stanley High Income Trigger Securities

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

**From:** William Slattery, Director, NASDAQ Listing Qualifications Department

**DATE:** March 27, 2007

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Equity-Linked Notes	Symbol	CUSIP Number
Morgan Stanley 10% High Income Trigger Securities Linked to Allegheny Technologies Incorporated Common Stock	AAY	61750V485

Morgan Stanley has issued 10% High Income Trigger Securities (“HITS”) linked to Allegheny Technologies Incorporated common stock. The new securities were issued at a price of \$10 per unit and mature on April 20, 2008. The HITS will pay 10% coupon per annum, payable quarterly beginning July 20, 2007. At maturity, if Allegheny Technologies Incorporated Common Stock has not declined to or below the trigger price of \$81.0075 at any time up to the determination date of April 17, 2008, investors will receive the \$10 principal amount. If Allegheny Technologies Incorporated Common Stock has declined below the \$81.0075 trigger price, then investors will receive 0.09258 shares of Allegheny Technologies Incorporated Common Stock per HITS. AAY began trading on NASDAQ on March 26, 2007 on an Unlisted Trading Privileges basis.

HITS are not principal protected and Allegheny Technologies Incorporated is not involved in the offering of HITS in any way and will have no obligations with respect to the HITS.

Investors of HITS will not be entitled to any rights with respect to Allegheny Technologies Incorporated until such time as Morgan Stanley shall deliver Allegheny Technologies Incorporated shares to investors of HITS at maturity.

There can be no assurances as to how the HITS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the HITS are unique securities, and there is currently no secondary market for the HITS.

The Trustee for this security is Bank of New York.

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

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

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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