



## Information Circular: Morgan Stanley PLUS

---

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

**From:** William Slattery, Associate Vice President, NASDAQ Listing Qualifications Department

**DATE:** November 26, 2007

---

Index-Linked Notes	Symbol	CUSIP Number
Morgan Stanley Outperformance PLUS (Performance Leveraged Upside Securities) based on the performance of the S&P 100 Index Relative to the Russell 2000 Index	RAO	617475322

### Information on the Notes

Morgan Stanley (the "Issuer") has issued Outperformance Performance Leveraged Upside Securities ("PLUS") based on the performance of the S&P 100 Index Relative to the Russell 2000 Index. The PLUS were priced at \$10 each and mature on December 20, 2008.

PLUS are senior unsecured obligations of the Issuer and provide the opportunity to gain capped leveraged exposure to the relative outperformance of the S&P 100 Index over the Russell 2000 Index. The PLUS will not pay interest and do not offer any principal protection.

At maturity, if the return of the S&P 100 Index is greater than or equal to the return of the Russell 2000 Index, investors will receive:

$$\$10 \times [1 + (\text{Outperformance Return} \times 300\%)]$$

Payment at maturity will not be greater than \$11.80 per PLUS.

If the return of the Russell 2000 Index is greater than the return of S&P 100 Index, investors will receive:

$$\$10 \times (1 + \text{Outperformance Return})$$

The Outperformance Return is calculated as follows:

$$(\text{S\&P 100 Index Return} - \text{Russell 2000 Index Return})$$

If the S&P 100 Index outperforms the Russell 2000 Index, this number will be positive, resulting in positive returns for investors. If the S&P 100 Index does not outperform the Russell 2000 Index, this number will be zero or a negative number, which would result in zero or negative returns for investors.

The initial value of the S&P 100 Index is 673.71 and the initial value of the Russell 2000 Index is 755.03.

Investors should note that investing in the PLUS is not equivalent to investing in either the S&P 100 Index or the Russell 2000 Index. Also, the market value of the PLUS will depend substantially on the value of the underlying indexes. Other factors that will likely affect the trading value of the PLUS are changes in interest rates, volatility of the securities underlying the indexes, the time remaining to maturity, and the credit rating of the Issuer.

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 [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 for additional information.**

---

Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), NASDAQ Listing Qualifications, at 301.978.8088
- [NASDAQ Market Sales](#) at 800.846.0477