

BASE PROSPECTUS

MORGAN STANLEY B.V.

as issuer

(incorporated with limited liability in The Netherlands)

Morgan Stanley

as guarantor

(incorporated under

the laws of the State of Delaware in the United States of America)

Up to U.S.\$10,000,000,000

Program for the Issuance of Notes and Certificates

Under the program (the “**Program**”) described in this base prospectus (the “**Base Prospectus**”), Morgan Stanley B.V. (“**MSBV**” or the “**Issuer**”) may offer from time to time Notes (the “**Notes**”) in bearer form (the “**Bearer Notes**”) or in registered form (the “**Registered Notes**”), subject to all applicable legal and regulatory requirements. The Notes will be issued from time to time in series (each, a “**Series**”), denominated in the same currency and having the same maturity date and, if applicable, interest rate and interest payment dates. Each Series may be issued in one or more tranches (each, a “**Tranche**”) on different issue dates. Details applicable to each Tranche will be specified in the relevant Final Terms (as defined below). References herein to “this Base Prospectus” shall, where applicable, be deemed to be references to this Base Prospectus as supplemented or amended from time to time. To the extent not set forth in this Base Prospectus, the specific terms of any Note will be included in the appropriate Final Terms.

The payment of all amounts due in respect of Notes issued by the Issuer will, unless specified otherwise in the appropriate Final Terms, be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Morgan Stanley (the “**Guarantor**”) pursuant to a guarantee dated as of 7 April 2006.

The Issuer is offering the Notes on a continuing basis through Morgan Stanley & Co. International Limited and Morgan Stanley & Co. Incorporated (the “**Distribution Agents**”), who have agreed to use reasonable efforts to solicit offers to purchase the Notes. The Issuer may also sell Notes to the Distribution Agents as principal for their own accounts at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Notes they purchase as principal at prevailing market prices, or at other prices, as they determine. The Issuer or the Distribution Agents may reject any offer to purchase Notes, in whole or in part. See “Subscription and Sale and Transfer Restrictions” beginning on page 170 of Part C (*Securities Note*) to this Base Prospectus.

Notes of each Tranche of each Series to be issued as Bearer Notes will be represented on issue by a temporary global note in bearer form (each a “**Temporary Global Note**”) or by a permanent global note in bearer form (each a “**Permanent Global Note**”), without interest coupons, which may be deposited on the issue date of the relevant Series with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream, Luxembourg, société anonyme (“**Clearstream, Luxembourg**”). Interests in a Temporary Global Note will be exchangeable for interests in a Permanent Global Note after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership. Temporary Global Notes and Permanent Global Notes are together referred to herein as “Global Notes”. The provisions governing the exchange of interests in Global Notes for definitive Notes are described in “Form of the Bearer Notes”.

Notes of each Tranche of each Series to be issued as Registered Notes and which are sold to a person that is not a U.S. person (within the meaning of Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933 (the “**Securities Act**”) in an “offshore transaction” within the meaning of Regulation S (“**Unrestricted Registered Notes**”) will be represented by interests in a permanent global registered certificate (each an “**Unrestricted Global Note Certificate**”), without interest coupons, which will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg. Notes of each Tranche of each Series to be issued as Registered Notes and sold in reliance on Rule 144A (“**Rule 144A**”) under the Securities Act (“**Restricted Registered Notes**”) to “qualified institutional buyers” (“**QIBs**”) within the meaning of Rule 144A which are also “qualified purchasers” (“**QPs**”) as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940 (the “**Investment Company Act**”) (such persons are hereinafter referred to as “**QIB/QPs**”) will be represented by (i) one or more global registered certificates (each a “**Restricted Global Note Certificate**” and together with any Unrestricted Global Note Certificate, “**Global Note Certificates**”), without interest coupons, which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC on its issue date or (ii) individual registered certificates (“**Individual Note Certificates**” and, together with any Global Note Certificates, “**Note Certificates**”) as identified in the relevant Final Terms. Beneficial interests in Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Clearstream, Luxembourg and Euroclear and their participants. Individual Note Certificates will not be eligible for trading on the facilities of DTC, Euroclear or Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Note Certificates for Individual Note Certificates are described in “Form of Registered Notes”.

Application has been made to the Irish Financial Services Regulatory Authority (“**IFSRA**”) as competent authority under Directive 2003/71/EC, for the Base Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market.

Such market is a regulated market for the purposes of the Investment Services Directive 93/22/EEC. However, unlisted Notes may be issued pursuant to the Programme and the Programme provides that Notes may be listed on such other stock exchange(s) (or markets of the Irish Stock Exchange) as may be specified in the relevant Final Terms. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on and admitted to trading on the regulated market of the Irish Stock Exchange (or any other stock exchange or market). Other secured obligations entered into under the Programme cannot be listed on and admitted to trading on the regulated market of the Irish Stock Exchange.

Copies of this document in relation to the Notes to be issued during the period of 12 months from the date of this Prospectus have been filed with and approved by IFSRA in its capacity as competent authority in Ireland for the purposes of Directive 2003/71/EC. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. Copies of each set of Final Terms will be available at the specified office set out below of the Trustee (as defined herein) and each of the Paying Agents.

This Base Prospectus comprises, (a) Part A (*Summary*), (b) Section 1 (*General*), Section 2 (*Morgan Stanley*), Section 3 (*the Issuer*), Section 4 (*General Information*) and Annex 1 of Part B (*Registration Document*), and (c) the Securities Note (as defined in Part C (*Securities Note*)) to this Base Prospectus.

The Notes will be governed by, and construed in accordance with, the laws of England and Wales.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 13 of Part B (*Registration Document*) to this Base Prospectus and on page 79 of Part C (*Securities Note*) to this Base Prospectus.

THE NOTES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

THIS BASE PROSPECTUS HAS BEEN PREPARED BY THE ISSUER AND THE GUARANTOR FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO A PERSON THAT IS NOT A U.S. PERSON IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO QIB/QPs PURSUANT TO RULE 144A, AND FOR THE LISTING OF THE NOTES ON THE IRISH STOCK EXCHANGE. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE NOTES AND DISTRIBUTION OF THIS BASE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF ANY SECURITIES PURSUANT TO THIS PROGRAMME OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

None of the Issuer, Morgan Stanley & Co. International Limited or Morgan Stanley & Co. Incorporated, as Distribution Agents for the Notes, has or will take any action in any country or jurisdiction that would permit a public offering of the Notes or possession or distribution of any

offering material in relation to a public offering in any country or jurisdiction where action for that purpose is required. Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Notes or has in the investor's possession or distributes this Base Prospectus or any accompanying Final Terms.

MORGAN STANLEY

7 April 2006

Each of the Issuer and the Guarantor accepts responsibility for information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (including each document incorporated by reference herein) is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which that offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

For so long as any Restricted Registered Note remains outstanding and is a “restricted security” within the meaning of Rule 144(a)(3) under the Securities Act, each of the Issuer and the Guarantor will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to any holder of, or beneficial owner of an interest in, such Restricted Registered Note, or to any prospective purchaser thereof, upon request of such holder, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such Restricted Registered Note.

The Issuer is a private limited company with limited liability organised under the laws of The Netherlands. None of the directors and executive officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

Investors should be aware that no Specified Company is regulated by IFSRA and that any investment will not have the status of a bank deposit and is therefore not within the scope of the deposit protection scheme operated by IFSRA. All references in this Base Prospectus to “Sterling” and “£” are to the lawful currency of the United Kingdom, all references to “U.S. dollars,” “U.S.\$” and “\$” are to the lawful currency of the United States of America, all references to “Japanese Yen” and “¥” are to the lawful currency of Japan, all references to “Australian dollars” and “AUD” are to the lawful currency of the Commonwealth of Australia, all references to “New Zealand dollars” and “NZD” are to the lawful currency of New Zealand, and all references to “euro”, “€” and “EUR” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended (the “Treaty”).

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PART A: SUMMARY

MORGAN STANLEY B.V.

as issuer

(incorporated with limited liability in The Netherlands)

Morgan Stanley

as guarantor

(incorporated under

the laws of the State of Delaware in the United States of America)

Up to U.S.\$10,000,000,000 Program for the Issuance of Notes and Certificates

*This summary has been prepared in accordance with Article 5(2) of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read as an introduction to the Registration Document and Securities Note prepared by the Issuer (each, together with this summary, the “Base Prospectus”) relating to the Notes referred to below. This summary relates only to Notes with a denomination of less than EUR50,000. Any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following implementation of the relevant provisions of the Prospectus Directive in a Member State of the European Economic Area, no civil liability will attach to the Issuer or the Guarantor (as applicable) solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in the Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined in “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this summary.

Essential characteristics and risks associated with the Guarantor and the Issuer

*Morgan Stanley (the “**Guarantor**”)*

The auditors of Morgan Stanley for the period 1 December 2002 to 30 November 2003 and 1 December 2003 to 30 November 2004 and 1 December 2004 to 30 November 2005 are Deloitte & Touche LLP, an independent registered public accounting firm.

Morgan Stanley was originally incorporated for an unlimited term under the laws of the State of Delaware on 1 October 1981 under registered number 0923632, and its predecessor companies date back to 1924.

On 31 May 1997, Morgan Stanley Group, Inc. was merged with and into Dean Witter Discover & Co. (“**Dean Witter Discover**”) in a merger of equals. At that time, Dean Witter Discover changed its corporate name to Morgan Stanley, Dean Witter, Discover & Co. (“**MSDWD**”). On 24 March 1998 MSDWD changed its corporate name to Morgan Stanley Dean Witter & Co, and to Morgan Stanley on 20 June 2002.

As at the date of this Base Prospectus, Morgan Stanley's legal and commercial name is “Morgan Stanley”.

Morgan Stanley has its registered office at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A., and its principal executive offices at 1585 Broadway, New York, New York 10036, U.S.A., telephone number +1 (212) 761 -4000.

Morgan Stanley is a holding company that provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals, through its subsidiaries and affiliates. It is a global financial services firm that maintains leading market positions in each of its business segments - Institutional Securities, Global Wealth Management Group, Asset Management and Discover.

Morgan Stanley's objects and purposes are set out in its Certificate of Incorporation and enable it to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

The Directors of Morgan Stanley as of the date of this Base Prospectus are the following: John J. Mack, Roy J. Bostock, Erskine B. Bowles, Howard J. Davies, C. Robert Kidder, Donald T. Nicolaisen, Charles H. Noski, Hutham S. Olayan, O. Griffith Sexton, Dr. Laura D'Andrea Tyson and Dr. Klaus Zumwinkel.

As at 30 November 2005, Morgan Stanley had 53,218 worldwide employees.

The authorised share capital of Morgan Stanley as at 30 November 2005 comprised 3,500,000,000 ordinary shares of nominal value U.S.\$0.01.

For the year ended 30 November 2005, total assets of Morgan Stanley amounted to U.S.\$898,523 million and total liabilities and shareholders' equity amounted to U.S.\$898,523 million. For the fiscal year ended 30 November 2004, total assets of Morgan Stanley amounted to U.S.\$747,334 million and total liabilities and shareholders' equity amounted to U.S.\$747,334 million.

MSBV (the "Issuer")

The Issuer was incorporated as a private company with limited liability under the laws of The Netherlands on 6 September 2001 for an unlimited duration. The Issuer is registered at the commercial register of the Chamber of Commerce and Industries for Amsterdam under number 34161590. It has its corporate seat at Amsterdam and its offices are located at Locatellikade 1, 1076 AZ Amsterdam, The Netherlands. Telephone number +31 20 57 55 600.

The Issuer's objects are, *inter alia*, to issue notes, warrants and other securities. All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies. The Issuer's auditors are Deloitte Accountants B.V. (members of the Royal Netherlands Institute of Register accountants).

The Issuer has no subsidiaries and is ultimately controlled by Morgan Stanley.

The directors of the Issuer are C.E.C Hood, M.B. Burgess, G.C. De Boer and TMF Management B.V. The Issuer has no employees.

The authorised share capital of the Issuer comprises 900 ordinary shares of nominal value EUR100. The issued, allotted and fully paid up share capital of the Issuer comprises 180 ordinary shares of nominal value EUR100.

The net revenue for the financial years ended November 2004 and 2003 was EUR3,638,000 and EUR911,000 respectively, representing issuance fees received on the issuance of financial instruments less guarantee fees payable. The profit before tax for the financial years ended 2004 and 2003 was EUR3,660,000 and EUR932,000 respectively. The net loss for the 6 months ended 31 May 2005, after tax, was EUR1,217,000. During the period, no dividends were paid. The loss will be carried to reserves.

The current assets of the Issuer rose from EUR39,661,000 in 2003 to EUR417,531,000 in 2004 with a total amount owing to creditors rising from EUR38,716,000 to EUR414,189,000 in 2004. The principle reason for the increase in debt was an increase in client demand for financial instruments. The current assets of the Issuer for the 6 months ended 31 May 2005, after tax, was EUR2,178,212,000 with total amounts owing to creditors by the end of this period totalling EUR1,163,077,000.

All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies. The obligations of the Issuer pursuant to such transactions are substantially guaranteed by Morgan Stanley. If any of these Morgan Stanley group companies incur losses with respect to any of their activities (irrespective of whether those activities relate to the Issuer or not) their ability to fulfill their obligations to the Issuer could be impaired, thereby exposing holders of securities issued by the Issuer to a risk of loss.

Essential characteristics and risks associated with the Notes

The Issuer may offer Notes from time to time. An application has been made for Notes issued under the Program to be admitted to listing on the Irish Stock Exchange and for the Notes to be admitted to trading on the Irish Stock Exchange's regulated market for the period of 12 months following the date of this Base Prospectus.

The Notes have not and will not be registered under the United States Securities Act 1933, as amended, or the securities laws of any state in the United States, and are subject to US tax restrictions and transfer restrictions.

The payment of all amounts due in respect of Notes issued by the Issuer will, unless specified otherwise in the Final Terms, be unconditionally and irrevocably guaranteed by Morgan Stanley.

The Issuer is offering the Notes on a continuing basis through the Distribution Agents, who have agreed to use reasonable efforts to solicit offers to purchase the Notes. The Issuer may also sell Notes to the Distribution Agents as principal for their own accounts at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Notes they purchase as principal at prevailing market prices, or at other prices, as they determine. The Issuer or the Distribution Agents may reject any offer to purchase Notes, in whole or in part.

The Issuer will issue Notes either in bearer form or in registered form, either of which may be in definitive form or global form. Notes in definitive bearer form will be serially numbered. Notes in registered form, while in global form will be represented by a global registered certificate and in limited circumstances, by individual certificates, with such certificates being issued in respect of each Noteholder's entire holding of Notes in registered form. Notes may be denominated or payable in any currency, be issued at any price and have any maturity, in each case subject to all applicable consents being obtained and compliance with all applicable legal and regulatory requirements.

Notes may be redeemed at par or at such other redemption amount (detailed in a formula or otherwise) or by delivery of securities of an issuer that is not affiliated with Morgan Stanley, as may be specified in the applicable Final Terms or Product Supplement.

Early redemption will be permitted for taxation reasons but will otherwise be permitted only to the extent specified in the applicable Final Terms. Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate, which may be zero, or floating rate, or at a rate which varies during the lifetime of the relevant Series.

Notes issued will be issued in denominations of at least EUR 1,000 per Note, save that in respect of any Series of Registered Notes, Restricted Registered Notes shall be in minimum denominations of U.S.\$100,000 and higher integral multiples of U.S.\$1,000 thereof. It is anticipated that Notes in a

principal amount of up to U.S.\$10,000,000,000 will be issued. The Notes will be governed by, and construed in accordance with, the laws of England and Wales.

The net proceeds from the sale of Notes offered by the Securities Note will be used by the Issuer for general corporate purposes, in connection with hedging its obligations under the Notes, or both.

Certain documents relating to the Notes will be available, during usual business hours on any week day, for inspection at Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London EC2N 2DB, England, at Deutsche Bank Trust Company Americas, 17th Floor, 60 Wall Street, New York , New York 10005, USA, at Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland and also at the principal executive offices of Morgan Stanley and the registered offices of the Issuer.

The Issuer may issue Notes with principal and/or interest determined by reference to the credit of one or more entities not affiliated with the Issuer, to currency prices, commodity prices or to single securities, baskets of securities or indices or other assets or instruments. Any such Notes may entail significant risks not associated with a similar investment in fixed or floating rate debt securities, including a return that may be significantly less than the return available on an investment in fixed or floating rate debt securities. In some cases such Notes may also carry the risk of a total or partial loss of principal.

PART B: REGISTRATION DOCUMENT

Morgan Stanley

as guarantor

*(incorporated under
the laws of the State of Delaware in the United States of America)*

MORGAN STANLEY B.V.

as issuer

(incorporated with limited liability in The Netherlands)

SECTION 1: GENERAL

This Part B has been prepared for the purpose of providing the disclosure information with regard to Morgan Stanley (“**Morgan Stanley**”), and Morgan Stanley B.V. (“**MSBV**”, the “**Issuer**”) required by Directive 2003/71/EC (the “**Prospectus Directive**”) to be included in the Registration Document element of the base prospectus of which this Part B forms part (the “**Registration Document**” which term means this Part B as amended or supplemented and includes all documents incorporated by reference herein).

No person has been authorised by either Morgan Stanley or the Issuer to give any information or to make any representation not contained or incorporated by reference in this Registration Document, and, if given or made, that information or representation should not be relied upon as having been authorised by Morgan Stanley or the Issuer. Neither the delivery of this Registration Document nor the offering, sale or delivery of any securities will, in any circumstances, create any implication that the information contained in this Registration Document is true subsequent to the date hereof or the date upon which this Registration Document has been most recently amended or supplemented or that there has been no adverse change in the financial situation of any of Morgan Stanley or the Issuer since the date hereof or, as the case may be, the date upon which this Registration Document has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which have been incorporated into this Registration Document by reference by way of a supplement to this Registration Document, or that any other information supplied from time to time is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Investors should review, inter alia, the most recent financial statements of Morgan Stanley and the Issuer when evaluating any securities or an investment therein (such financial statements shall not form a part of this Registration Document unless they have been expressly incorporated herein by way of a supplement to this Registration Document).

Each of Morgan Stanley and the Issuer has confirmed that to the best of their knowledge and belief and having taken all reasonable care to ensure that such is the case, this Registration Document (including each document incorporated by reference herein) is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Registration Document the omission of which would make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. Each of Morgan Stanley and the Issuer has further confirmed that this Registration Document (including each document incorporated by reference herein) contains all such information as may be required by all applicable laws, rules and regulations.

The distribution of this Registration Document and the offering, sale and delivery of securities in certain jurisdictions may be restricted by law. Persons into whose possession this Registration Document comes are required by Morgan Stanley and the Issuer to inform themselves about and to observe those restrictions.

This Registration Document should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference therein.

This Registration Document does not constitute an offer of or an invitation to subscribe for or purchase any securities and should not be considered as a recommendation by either of Morgan Stanley or the Issuer that any recipient of this Registration Document should subscribe for or purchase any securities. Each recipient of this Registration Document will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Morgan Stanley or the Issuer (as applicable) and of the particular terms of any offered securities.

The investor should rely only on the information contained or incorporated by reference in this Registration Document. Neither Morgan Stanley nor the Issuer has authorised anyone else to provide the investor with different or additional information.

RISK FACTORS RELATING TO THE ISSUER AND THE GUARANTOR

Prospective investors should read the entire Registration Document and any relevant securities note (and where appropriate, any relevant final terms). Words and expressions defined elsewhere in this Registration Document have the same meanings in this section. Investing in securities involves certain risks. Prospective investors should consider, among other things, the following:

Risk Relating to Morgan Stanley

The results of Morgan Stanley's operations may be materially affected by market fluctuations and by economic and other factors.

The results of Morgan Stanley's operations may be materially affected by market fluctuations and by economic and other factors. Results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; and investor sentiment and confidence in the financial markets. In addition, there have been legislative, legal and regulatory developments related to Morgan Stanley's businesses that potentially could increase costs, thereby affecting future results of operations. These factors also may have an impact on Morgan Stanley's ability to achieve its strategic objectives.

The results of Morgan Stanley's Institutional Securities business, particularly results relating to its involvement in primary and secondary markets for all types of financial products, are subject to substantial fluctuations due to a variety of factors that Morgan Stanley cannot control or predict with great certainty, including variations in the fair value of securities and other financial products and the volatility and liquidity of global markets. Fluctuations also occur due to the level of global market activity, which, among other things, affects the size, number, and timing of investment banking client assignments and transactions and the realization of returns from Morgan Stanley's principal investments.

During periods of unfavorable market or economic conditions, the level of individual investor participation in the global markets may also decrease, which would negatively impact the results of Morgan Stanley's Global Wealth Management Group business. In addition, fluctuations in global market activity could impact the flow of investment capital into or from assets under management and supervision and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact Morgan Stanley's Asset Management business. Furthermore, changes in economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality, which, in turn, could impact the results of Morgan Stanley's Discover business.

Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of its operations.

General. Liquidity is essential to Morgan Stanley's businesses. Morgan Stanley's liquidity could be substantially negatively affected by an inability to raise funding in the long-term or short-term debt capital markets or an inability to access the secured lending markets. Factors that Morgan Stanley cannot control, such as disruption of the financial markets or negative views about the financial services industry generally, could impair its ability to raise funding. In addition, Morgan Stanley's ability to raise funding could be impaired if lenders develop a negative perception of its long-term or short-term financial prospects. Such negative perceptions could be developed if Morgan Stanley incurs large trading losses, it suffers a decline in the level of its business activity, regulatory authorities take significant action against it, or Morgan Stanley discovers serious employee misconduct or illegal activity, among other reasons. If Morgan Stanley is unable to raise funding using the methods described above, it would likely need to

liquidate unencumbered assets, such as its investment and trading portfolios, to meet maturing liabilities. Morgan Stanley may be unable to sell some of its assets, or it may have to sell assets at a discount from market value, either of which could adversely affect its results of operations.

Credit Ratings. The cost and availability of unsecured financing generally are dependent on Morgan Stanley's short-term and long-term credit ratings. Factors that are significant to the determination of Morgan Stanley's credit ratings or otherwise affect its ability to raise short-term and long-term financing include the level and volatility of its earnings; its relative competitive position in the markets in which Morgan Stanley operates; its geographic and product diversification; its ability to retain key personnel; its risk management policies; its cash liquidity; its capital adequacy; its corporate lending credit risk; and legal and regulatory developments. A deterioration in any of these factors or combination of these factors may lead rating agencies to downgrade Morgan Stanley's credit ratings, thereby increasing its cost of obtaining unsecured funding.

Morgan Stanley's debt ratings also can have a significant impact on certain trading revenues, particularly in those businesses where longer term counterparty performance is critical, such as OTC derivative transactions, including credit derivatives and interest rate swaps. In connection with certain OTC trading agreements and certain other agreements associated with the Institutional Securities business, Morgan Stanley would be required to provide additional collateral to certain counterparties in the event of a downgrade by either Moody's Investors Service or Standard & Poor's.

Payments From Subsidiaries. Morgan Stanley depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. Regulatory and other legal restrictions may limit Morgan Stanley's ability to transfer funds freely, either to or from its subsidiaries. In particular, many of Morgan Stanley's subsidiaries, including its broker-dealer subsidiaries, are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder Morgan Stanley's ability to access funds that it may need to make payments on its obligations.

Liquidity and Funding Policies. Morgan Stanley's liquidity and funding policies have been designed to ensure that it maintains sufficient liquid financial resources to continue to conduct its business for an extended period in a stressed liquidity environment. If Morgan Stanley's liquidity and funding policies are not adequate, it may be unable to access sufficient financing to service its financial obligations when they come due, which could have a material adverse franchise or business impact.

Morgan Stanley is exposed to the risk that third parties that are indebted to it will not perform their obligations.

Credit risk refers to the risk of loss arising from the default by a borrower, counterparty or other obligor when it is unable or unwilling to meet its obligations to Morgan Stanley. Morgan Stanley is exposed to three distinct types of credit risk in its businesses. Morgan Stanley incurs significant, "single-name" credit risk exposure through the Institutional Securities business. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to Morgan Stanley and by extending credit to its clients through various credit arrangements. Morgan Stanley incurs "individual consumer" credit risk in the Global Wealth Management Group business through margin loans to individual investors and loans to small businesses, both of which are generally collateralized. Morgan Stanley incurs "consumer portfolio" credit risk in the Discover business primarily through cardholder receivables. Credit risk in a pool of cardholder receivables is generally highly diversified, without significant individual exposures, and, accordingly, is managed on a portfolio and not a single-name basis.

The amount, duration and range of Morgan Stanley's credit exposures have been increasing over the past several years, and may continue to do so. In recent years, Morgan Stanley has significantly expanded its use of swaps and other derivatives and it may continue to do so. Corporate clients are increasingly seeking loans or lending commitments from Morgan Stanley in connection with investment banking and other assignments. In addition, Morgan Stanley has experienced, due to competitive factors, increased pressure to assume longer-term credit risk, to extend credit against less liquid collateral and to price derivatives instruments more aggressively based on the credit risks that it takes. As a clearing member firm, Morgan Stanley finances its customer positions and it could be held responsible for the defaults or misconduct of its customers. Although Morgan Stanley regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

Morgan Stanley faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect its revenue and profitability.

The financial services industry, and all of Morgan Stanley's businesses, are intensely competitive, and Morgan Stanley expects them to remain so. Morgan Stanley competes with commercial banks, insurance companies, sponsors of mutual funds, hedge funds, energy companies and other companies offering financial services in the U.S., globally and through the internet. Morgan Stanley competes on the basis of several factors, including transaction execution, capital or access to capital, its products and services, innovation, reputation and price. Over time, certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in Morgan Stanley's competitors gaining greater capital and other resources, such as a broader range of products and services and geographic diversity. Morgan Stanley may experience pricing pressures as a result of these factors and as some of its competitors seek to increase market share by reducing prices.

Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.

Morgan Stanley's people are its most important resource and competition for qualified employees is intense. In order to attract and retain qualified employees, Morgan Stanley must compensate such employees at market levels. Typically, those levels have caused employee compensation to be Morgan Stanley's greatest expense as compensation is highly variable and moves with performance. If Morgan Stanley is unable to continue to attract and retain qualified employees, or if compensation costs required to attract and retain employees become more expensive, its performance, including its competitive position, could be materially adversely affected.

Morgan Stanley is subject to extensive regulation in the jurisdictions in which it conducts its businesses.

Morgan Stanley is subject to extensive regulation globally and faces the risk of significant intervention by regulatory authorities in the jurisdictions in which it conducts its businesses. Among other things, Morgan Stanley could be fined, prohibited from engaging in some of its business activities or subject to limitations or conditions on its business activities. Significant regulatory action against Morgan Stanley could have material adverse financial effects, cause significant reputational harm to it or harm its business prospects. New laws or regulations or changes in the enforcement of existing laws or regulations applicable to Morgan Stanley's clients may also adversely affect its business.

The financial services industry faces substantial litigation and regulatory risks, and Morgan Stanley may face damage to its reputation and legal liability.

Morgan Stanley has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions, and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims

for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress.

Morgan Stanley is also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding its business, including, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The number of these investigations and proceedings has increased in recent years with regard to many firms in the financial services industry, including Morgan Stanley. Morgan Stanley is also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information. Substantial legal liability or significant regulatory action against Morgan Stanley could materially adversely affect its business, financial condition or results of operations or cause significant reputational harm to Morgan Stanley, which could seriously harm its business. For more information regarding legal proceedings in which Morgan Stanley and its subsidiaries are involved and in particular, the *Coleman Litigation*, see “Legal Proceedings” in Part I, Item 3 of Morgan Stanley’s Annual Report on Form 10-K dated 30 November 2005 .

Conflicts of interest are increasing and a failure to appropriately deal with conflicts of interest could adversely affect Morgan Stanley's businesses.

Morgan Stanley's reputation is one of its most important assets. As Morgan Stanley has expanded the scope of its businesses and its client base, it increasingly has to address potential conflicts of interest, including those relating to its proprietary activities. For example, conflicts may arise between Morgan Stanley's position as a financial advisor in a merger transaction and a principal investment it holds in one of the parties to the transaction. In addition, hedge funds and private equity funds are an increasingly important portion of Morgan Stanley's client base, and also compete with Morgan Stanley in a number of its businesses. Morgan Stanley has procedures and controls that are designed to address conflicts of interest. However, appropriately dealing with conflicts of interest is complex and difficult and Morgan Stanley's reputation could be damaged if it fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, the SEC and other federal and state regulators have increased their scrutiny of potential conflicts of interest. It is possible that potential or perceived conflicts could give rise to litigation or enforcement actions. It is possible that the regulatory scrutiny of, and litigation in connection with, conflicts of interest will make Morgan Stanley's clients less willing to enter into transactions in which such a conflict may occur, and will adversely affect its businesses.

Morgan Stanley is subject to tax contingencies that could adversely affect reserves.

Morgan Stanley is subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which Morgan Stanley has significant business operations. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. Morgan Stanley must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes and must also make estimates about when in the future certain items affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be settled with the taxing authority upon examination or audit.

Morgan Stanley is subject to operational risk and an operational failure could materially adversely affect its businesses.

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people and/or systems. Operational Risk also refers to the risk that external events, such as external changes (e.g., natural disasters, terrorist attacks and/or health epidemics), failures or frauds, will result in losses to

Morgan Stanley's businesses. Morgan Stanley incurs operational risk across all of its business activities, including revenue generating activities (e.g., such as sales and trading) and support functions (e.g., information technology and facilities management).

Morgan Stanley's businesses are highly dependent on its ability to process, on a daily basis, a large number of transactions across numerous and diverse markets in many currencies and the transactions Morgan Stanley processes have become increasingly complex. Morgan Stanley performs the functions required to operate its different businesses either by itself or through agreements with third parties. Morgan Stanley relies on the ability of its employees, its internal systems and systems at technology centers operated by third parties to process high numbers of transactions. Morgan Stanley also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries it uses to facilitate its securities transactions. In the event of a breakdown or improper operation of its or third-party's systems or improper action by third parties or employees, Morgan Stanley could suffer financial loss, an impairment to its liquidity, a disruption of its businesses, regulatory sanctions and damage to its reputation.

Morgan Stanley's commodities activities subject it to extensive regulation, potential catastrophic events and environmental risks and regulation.

In connection with the commodities activities in Morgan Stanley's Institutional Securities business, Morgan Stanley engages in the production, storage, transportation, marketing and trading of power, natural gas and petroleum. In addition, Morgan Stanley is the sole shareholder of wholesale electrical generators. As a result of these activities, Morgan Stanley is subject to extensive and evolving energy, environmental, safety and other governmental laws and regulations. Morgan Stanley's commodities business also exposes it to the risk of unforeseen and catastrophic events, including leaks, spills and terrorist attacks.

The power generation facilities in which Morgan Stanley is the sole shareholder are subject to wide-ranging U.S. federal, state and local environmental laws and regulations in the U.S. and abroad relating to air quality, water quality and hazardous and solid waste management. They also are regulated under U.S. health and safety regulations. These laws may require capital expenditures as well as remediation where the facility has failed to comply with environmental, health or safety rules or has released pollutants into the environment. Additionally, the owners of such facilities may be subject to fines or penalties for failure to comply with environmental, health or safety rules.

The U.S. water pollution laws and numerous specific oil spill anti-pollution statutes apply to Morgan Stanley's oil trading activities to the extent Morgan Stanley owns petroleum in storage or during waterborne or overland transit or it arranges for transportation or storage. In the event of an oil spill, one or more entities Morgan Stanley owns could be held responsible for remediation as well as property and natural resource damages. Other U.S. federal and state laws apply to the specifications of the gasoline and diesel fuel that Morgan Stanley blends and import and provide for substantial penalties in the event of non-compliance.

Oil pollution laws in non-U.S. jurisdictions also apply to Morgan Stanley in certain instances when it trades petroleum internationally and/or charter vessels. Like the U.S. statutes, these laws often provide for penalties and damage assessments should a spill event occur.

Although Morgan Stanley has attempted to mitigate its pollution and other environmental risks by, among other measures, adopting appropriate policies and procedures for power plant operations, monitoring the quality of petroleum storage facilities and transport vessels and implementing emergency response programs, these actions may not prove adequate to address every contingency. In addition, insurance covering some of these risks may not be available, and the proceeds from insurance recovery, if any, may

not be adequate to cover liabilities with respect to particular incidents. As a result, Morgan Stanley's financial condition and results of operations may be adversely affected by these events.

Morgan Stanley also expects the other laws and regulations affecting its energy business to increase in both scope and complexity. During the past several years, intensified scrutiny of the energy markets by federal, state and local authorities in the U.S. and abroad and the public has resulted in increased regulatory and legal enforcement, litigation and remedial proceedings involving companies engaged in the activities in which Morgan Stanley is engaged. Morgan Stanley may incur substantial costs in complying with current or future laws and regulations and its overall businesses and reputation may be adversely affected by the current legal environment.

Morgan Stanley is subject to numerous political, economic, legal, operational and other risks as a result of its international operations that could adversely affect its business in many ways.

Morgan Stanley is subject to political, economic, legal, operational and other risks that are inherent in operating in many countries, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities. In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for Morgan Stanley to determine the exact requirements of local laws in every market. Morgan Stanley's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally. Morgan Stanley is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

In the last several years, various emerging market countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies, capital and currency exchange controls, and low or negative growth rates in their economies. The possible effects of these conditions include an adverse impact on Morgan Stanley's businesses and increased volatility in financial markets generally.

The emergence of a pandemic or other widespread health emergency, or concerns over the possibility of such an emergency, could create economic and financial disruptions in emerging markets and other areas throughout the world, and could lead to operational difficulties (including travel limitations) that could impair Morgan Stanley's ability to manage its businesses around the world.

Morgan Stanley may be unable to fully integrate future acquisitions or joint ventures into its businesses and systems.

Morgan Stanley expects to grow in part through acquisitions and joint ventures. To the extent Morgan Stanley makes acquisitions or enter into combinations or joint ventures, it faces numerous risks and uncertainties combining or integrating the relevant businesses and systems, including the need to combine accounting and data processing systems and management controls and to integrate relationships with clients and business partners. In the case of joint ventures, Morgan Stanley is subject to additional risks and uncertainties in that it may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under its control. In addition, conflicts or disagreements between Morgan Stanley and its joint venture partners may negatively impact the benefits to be achieved by the joint venture.

Morgan Stanley's Discover business subjects it to risks that impact the credit card industry.

The performance of Morgan Stanley's Discover business is subject to numerous risks that impact the credit card industry, including rising cost of funds pressuring spreads; slow industry growth with rising payment rates; future loan loss rate uncertainty, especially given bankruptcy reform and changing minimum payment requirements; and a consolidating industry with competitive pressures and increasing

marketing constraints. Changes in economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment and the level of consumer confidence and consumer debt may substantially affect consumer loan levels and credit quality. Morgan Stanley's financial condition and results of operations may be adversely affected by these factors.

Risks relating to the Issuer

All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies. The obligations of the Issuer pursuant to such transactions are substantially guaranteed by Morgan Stanley. If any of these Morgan Stanley group companies incur losses with respect to any of their activities (irrespective of whether those activities relate to the Issuer or not) their ability to fulfil their obligations to the Issuer could be impaired, thereby exposing holders of securities issued by the Issuer to a risk of loss.

WHERE THE INVESTOR CAN FIND MORE INFORMATION ABOUT MORGAN STANLEY

Morgan Stanley files annual reports, proxy statements and other information with the United States Securities and Exchange Commission (“SEC”). The investor may read and copy any of these documents at the SEC’s public reference room at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, the SEC maintains a website that contains reports, proxy statements and other information that Morgan Stanley files electronically. The address of the SEC’s website is <http://www.sec.gov>. The information contained on this website, and any information available at the SEC’s public reference room, shall not form part of this Registration Document, unless such information has been expressly incorporated herein by way of a supplement to this Registration Document.

Morgan Stanley’s common stock, par value U.S.\$0.01 per share, is listed on the New York Stock Exchange, Inc. and the Pacific Exchange, Inc. under the symbol “MS.” The investor may inspect reports, proxy statements and other information concerning Morgan Stanley and its consolidated subsidiaries at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, and the Pacific Exchange, Inc., 115 Sansome Street, San Francisco, California 94104 (such reports, proxy statements and other information shall not form a part of this Registration Document unless they have been expressly incorporated herein by way of a supplement to this Registration Document).

INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Registration Document, to the extent that, on or before the date of this Registration Document, documents (i) - (vii) have been published and filed with IFSRA in its capacity as Irish competent authority for the purposes of the Prospectus Directive:

- (i) Morgan Stanley’s Proxy Statement dated 24 February 2006 (as set out at <http://www.sec.gov>);
- (ii) Morgan Stanley’s Current Report on Form 8-K dated 22 March 2006 (as set out at <http://www.sec.gov>);
- (iii) Morgan Stanley’s Annual Report on form 10-K for year ended 30 November 2005 (as set out at <http://www.sec.gov>);
- (iv) Morgan Stanley’s Current Report on form 8-K dated 12 October 2005 (as set out at <http://www.sec.gov>);
- (v) Morgan Stanley’s Annual Report on form 10-K for year ended 30 November 2004 (as set out at <http://www.sec.gov>);
- (vi) The Issuer’s Annual Report for year ended 30 November 2004;
- (vii) The Issuer’s Annual Report for year ended 30 November 2005; and
- (viii) the unaudited interim financial statements of the Issuer for the 6 month period ended 31 May 2005 together with update dated 6 February 2006 (as set out in Annex 1 hereto),

save that any statement contained in this Registration Document or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Registration Document is prepared modifies or supersedes such statement.

The information about Morgan Stanley and the Issuer incorporated by reference in this Registration Document (the “**Incorporated Information**”) is considered to be part of this Registration Document. Because future filings of Morgan Stanley with the SEC and future financial statements published by the Issuer are made from time to time, those future filings or financial statements, as the case may be, may modify or supersede some of the information included or incorporated by reference in this Registration Document. This means that investors should look at all other documents filed by Morgan Stanley with the SEC pursuant to sections 13(a), 13(c), 14 and 15(d) of the United States Securities Exchange Act of 1934 after the date of this Registration Document and all of the financial statements of the Issuer to determine if any of the statements in this Registration Document or in any document previously incorporated by reference have been modified or superseded.

The Issuer and the Guarantor will, at their registered offices and at the specified offices of the Paying Agents and Transfer Agents, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Registration Document (or any document incorporated by reference in this Registration Document and any future filings or financial statements published such Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of any Paying Agent or Transfer Agent.

SECTION 2: MORGAN STANLEY

DESCRIPTION OF MORGAN STANLEY

The following description contains general information on Morgan Stanley ("**Morgan Stanley**", or the "**Guarantor**").

Auditors

The auditors of Morgan Stanley for the period 1 December 2002 to 30 November 2003 and 1 December 2003 to 30 November 2004 and 1 December 2004 to 30 November 2005 are Deloitte & Touche LLP, Two World Financial Center, New York, New York 10281, USA, an independent registered public accounting firm (the "**Auditors**").

The Auditors are registered with the Public Company Accounting Oversight Board (United States).

Risk Factors

Information about risk factors relating to Morgan Stanley is contained in "Risk Factors Relating to the Guarantor and the Issuer" in this Registration Document.

Information about Morgan Stanley

History and Development of Morgan Stanley

Morgan Stanley was originally incorporated for an unlimited term under the laws of the State of Delaware on 1 October 1981 under registered number 0923632, and its predecessor companies date back to 1924. On 31 May 1997, Morgan Stanley Group, Inc. was merged with and into Dean Witter Discover & Co. ("**Dean Witter Discover**") in a merger of equals. At that time, Dean Witter Discover changed its corporate name to Morgan Stanley, Dean Witter, Discover & Co. ("**MSDWD**"). On 24 March 1998 MSDWD changed its corporate name to Morgan Stanley Dean Witter & Co, and to Morgan Stanley on 20 June 2002. It has its registered office at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A., and its principal executive offices at 1585 Broadway, New York, New York 10036, U.S.A., telephone number +1 (212) 761-4000.

As at the date of this Base Prospectus, Morgan Stanley's legal and commercial name is "Morgan Stanley".

Legislation

Morgan Stanley is subject both to the laws of the United States of America and to the General Corporation Law of the State of Delaware ("**DGCL**"). United States federal laws affect many aspects of corporate affairs in the United States and concern such diverse matters as antitrust, bankruptcy, labor-management relations, the sale of securities and taxation. Certain United States federal securities laws are administered by the SEC and generally prohibit the sale of securities by fraudulent means and require most corporations that have issued securities, which are publicly held, such as Morgan Stanley, to make periodic financial and other reports to the SEC and to shareholders.

In the United States, business corporations are generally incorporated under the laws of one of the states. Morgan Stanley is incorporated under the laws of the State of Delaware.

In June 2004, the SEC issued rules that permit certain highly capitalized broker-dealers that are part of a consolidated supervised entity to apply to the SEC for approval to use an alternative method for calculating net capital charges (the "CSE Rules"). To obtain approval to calculate capital under the alternative method in the CSE Rules, a broker-dealer's holding company must consent, on a voluntary basis, to group-wide supervision and examination by the SEC and must have in place group-wide internal

risk management controls and calculate capital in a manner generally consistent with the standards of the Basel Committee on Banking Supervision ("**Basel II**"). The CSE Rules are intended to reduce regulatory capital costs for qualifying firms by permitting such firms to use proprietary mathematical risk measurement models for regulatory capital computation and internal control purposes.

On 28 July 2005, the SEC approved an application by Morgan Stanley & Co., one of the Company's U.S. broker-dealers, for authorization to use, effective December 1, 2005, the alternative method of computing net capital set forth in the CSE Rules. The approval allows Morgan Stanley & Co. to use an alternative method based on mathematical models to calculate net capital charges for market and derivatives-related credit risk.

Recent events

Other than as disclosed in the Incorporated Information, no recent event particular to Morgan Stanley occurred which is to a material extent relevant to the evaluation of its solvency.

Investments

On December 20, 2005, Morgan Stanley announced that it had entered into a definitive agreement to acquire the Goldfish credit card business ("Goldfish") from Lloyds TSB for approximately £1 billion. The acquisition of Goldfish will add approximately 800,000 accounts and approximately £0.8 billion of receivables to Morgan Stanley's existing U.K. credit card business. The transaction was completed on February 2006. The results of Goldfish will be included within the Discover business segment as of the date of acquisition.

Except as disclosed herein and in the documents relating to Morgan Stanley incorporated by reference into this Base Prospectus as set out under "Incorporation by Reference", so far as Morgan Stanley is aware, there have been no material investments made since the date of its last published financial statements and there are no principal future investments to which Morgan Stanley's management have already made firm commitments.

Business Overview

Principal Activities

Morgan Stanley is a holding company that provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals, through its subsidiaries and affiliates. It is a global financial services firm that maintains leading market positions in each of its business segments—Institutional Securities, Global Wealth Management Group, Asset Management and Discover. These segments consist of the products and activities set forth below:

Institutional Securities	Global Wealth Management Group	Asset Management	Discover
Investment banking <ul style="list-style-type: none"> • Capital raising • Corporate lending • Financial advisory services, including advice on mergers 	Clients <ul style="list-style-type: none"> • Individuals • Small-to-medium size businesses and institutions Products and	Global asset management products and services <ul style="list-style-type: none"> • Equity • Fixed Income 	Discover Financial Services <ul style="list-style-type: none"> • Discover[®]-branded cards • Other consumer finance products and

<p>and acquisitions, restructurings, real estate and project finance</p> <p>Sales, trading, financing and market-making activities</p> <ul style="list-style-type: none"> • Equity securities and related products • Fixed income securities and related products, including foreign exchange and commodities <p>Other activities</p> <ul style="list-style-type: none"> • Benchmark indices and risk management analytics • Research • Investments 	<p>Services</p> <ul style="list-style-type: none"> • Brokerage and investment advisory services • Financial and wealth planning services • Annuity and insurance products • Credit and other lending products • Banking and cash management • Retirement plan services • Trust services 	<ul style="list-style-type: none"> • Alternatives <p>Three principal distribution channels</p> <ul style="list-style-type: none"> • A proprietary channel consisting of Morgan Stanley’s representatives • A non-proprietary channel consisting of third-party broker-dealers, banks, financial planners and other intermediaries • Institutional sales 	<p>services</p> <p>Discover Network</p> <ul style="list-style-type: none"> • A network of merchant and cash access locations primarily in the U.S. • Transaction network for Discover[®] Network branded cards <p>PULSE[®] EFT Association LP (“PULSE”)</p> <ul style="list-style-type: none"> • An automated teller machine (“ATM”)/debit and electronic funds transfer network <p>Consumer Banking Group International</p> <ul style="list-style-type: none"> • Morgan Stanley-branded and affinity credit cards and other consumer finance products and services in the U.K. • Credit cards issued on the MasterCard network
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The Issuer’s institutional securities business includes capital raising, financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; corporate lending; sales, trading, financing and market-making activities in equity securities and related products and fixed income securities and related products, including foreign exchange and commodities; benchmark indices and risk management analytics; research; and investments. The Issuer’s Global Wealth Management Group business provides brokerage and investment advisory services covering various investment alternatives; financial and wealth planning services; annuity and insurance products; credit and other lending products; banking and cash management and credit solutions; retirement services; and trust and fiduciary services. The Issuer’s asset management business provides global asset management products and services in equities, fixed income and alternative investment products through three principal distribution channels: a proprietary channel consisting of the Issuer’s representatives; a non-proprietary

channel consisting of third-party broker-dealers, banks, financial planners and other intermediaries; and the Issuer's institutional sales channel. The Issuer's Discover business offers Discover-branded credit cards and other consumer products and services, and includes the operations of Discover Network, which operates a merchant and cash access network for Discover Network branded cards, and includes PULSE EFT Association LP ("PULSE"), an automated teller machine/debit and electronic funds transfer network. Morgan Stanley-branded and affinity credit cards issued on the MasterCard network and other consumer finance products and services in the U.K. are also included in the Discover business segment

Principal Markets

Morgan Stanley conducts its business from its headquarters in New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centers.

All aspects of Morgan Stanley's businesses are highly competitive and Morgan Stanley expects them to remain so. Morgan Stanley competes in the U.S. and globally for clients, market share and human talent in all aspects of its business segments. Morgan Stanley's competitive position depends on its reputation, the quality of its products, services and advice. Morgan Stanley's ability to sustain or improve its competitive position also depends substantially on its ability to continue to attract and retain qualified employees while managing compensation costs.

Institutional Securities and Global Wealth Management Group: Morgan Stanley's competitive position depends on innovation, execution capability and relative pricing. Morgan Stanley competes directly in the U.S., and globally with other securities and financial services firms, brokers and dealers, and with others on a regional or product basis. Morgan Stanley competes with commercial banks, insurance companies, sponsors of mutual funds, hedge funds, energy companies and other companies offering financial services in the U.S., globally and through the internet.

Morgan Stanley's ability to access capital at competitive rates (which is generally dependent on Morgan Stanley's credit ratings) and to commit capital efficiently, particularly in its capital-intensive underwriting and sales, trading, financing and market-making activities, also affects its competitive position. Corporate clients continue to request that Morgan Stanley provide loans or lending commitments in connection with certain investment banking activities and Morgan Stanley expects this activity to continue in the future.

Over time, certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services industries have been acquired by or merged into other firms. This convergence could result in Morgan Stanley's competitors gaining greater capital and other resources, such as a broader range of products and services and geographic diversity. It is possible that competition may become even more intense as Morgan Stanley continues to compete with financial institutions that may be larger, or better capitalized, or may have a stronger local presence and longer operating history in certain areas. Many of these firms have greater capital than Morgan Stanley and have the ability to offer a wide range of products that may enhance their competitive position and could result in pricing pressure in our businesses. The complementary trends in the financial services industry of consolidation and globalization present, among other things, technological, risk management, regulatory and other infrastructure challenges that require effective resource allocation in order for Morgan Stanley to remain competitive.

Morgan Stanley has experienced intense price competition in some of its businesses in recent years. In particular, the ability to execute trades electronically through the internet and other alternative trading systems has increased the pressure on trading commissions. The trend toward the use of alternative trading systems will likely continue. It is possible that Morgan Stanley will experience competitive pressures in these and other areas in the future as some of its competitors may seek to obtain market share by reducing prices.

Asset Management: Competition in the asset management industry is affected by several factors, including Morgan Stanley's reputation, investment objectives, quality of investment professionals, performance of investment products relative to peers and an appropriate benchmark index, advertising and sales promotion efforts, fee levels, the effectiveness of and access to distribution channels, and the types and quality of products offered. Morgan Stanley's products compete with the funds and separately managed account products of other asset management firms and other investment alternatives, including hedge funds.

Discover: Discover competes directly with other bank-issued credit cards (the vast majority of which bear the MasterCard or Visa servicemark), charge cards, credit cards issued by travel and financial advisory companies and debit cards. Credit cards that may be issued on the Discover Network by other financial institutions may also compete with credit cards offered by Discover through Discover Bank. Competition centers on merchant acceptance of credit and debit cards, account acquisition and customer utilization of credit and debit cards. Merchant acceptance is based on competitive transaction pricing and the volume and usage of cards in circulation. Credit card account acquisition and customer utilization are driven by competitive and appealing credit card features, such as no annual fees, low introductory interest rates and other customized features targeting specific consumer groups. Credit card industry participants have increasingly used advertising, targeted marketing, account acquisitions and pricing competition in interest rates, annual fees, reward programs and low-priced balance transfer programs to compete and grow.

The Discover Network competes with other card networks, including among others, VISA, MasterCard and American Express. The principal competitive factors that affect the network business include the number of cards in force and amount of spending on these cards, the quantity and quality of places where cards can be used, the economic attractiveness to card issuers and merchants participating in the network, reputation and brand recognition, innovation in systems, technology and product offerings, and quality of customer service.

Organisational Structure

Morgan Stanley is a holding company that provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals, through its subsidiaries and affiliates.

As at the date of 30 November 2005, Morgan Stanley had the following subsidiaries:

<p>Entity Name</p> <p>Indentations indicate control.</p> <p>Asterisk (*) indicates a non-affiliate has an ownership interest.</p>	<p>Jurisdiction of Incorporation or Formation</p>	<p>Year of Incorporation or Formation</p>
Morgan Stanley	Delaware	1981
Arara LLC	Delaware	2003
Bayfine DE LLC	Delaware	2000
Bayview Holding Ltd.	Cayman Islands	2000
Bayfine Cayman Ltd.	Cayman Islands	2000
Bayfine DE Inc.	Delaware	2000
Bayfine UK	United Kingdom	2000
Belmondo LLC	Delaware	2002
Cauca LLC	Delaware	2002
Dean Witter Alliance Capital Corporation	Delaware	1993
Dean Witter Capital Corporation	Delaware	1987
DW Administrators Inc.	Delaware	1989
DW Window Coverings Holding, Inc.	Delaware	1988
Dean Witter Realty Inc.	Delaware	1982
Dean Witter Holding Corporation	Delaware	1983
Civic Center Leasing Corporation	Delaware	1983
Lewiston Leasing Corporation	Delaware	1983
Sartell Leasing Corporation	Delaware	1982
Dean Witter Leasing Corporation	Delaware	1982
Dean Witter Realty Credit Corporation	Delaware	1982
Dean Witter Realty Fourth Income Properties Inc.	Delaware	1986
Dean Witter Realty Growth Properties Inc.	Delaware	1985
Dean Witter Realty Income Properties I Inc.	Delaware	1983
Dean Witter Realty Income Properties II Inc.	Delaware	1984
Dean Witter Realty Income Properties III Inc.	Delaware	1985

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Dean Witter Realty Yield Plus Inc.	Delaware	1987
Dean Witter Realty Yield Plus II Inc.	Delaware	1988
Realty Management Services Inc.	Delaware	1982
Dean Witter Reynolds Venture Equities Inc.	Delaware	1981
Demeter Management Corporation	Delaware	1977
Early Adopter Fund Manager Inc.	Delaware	1999
Fuegos LLC	Delaware	2003
FV-I, Inc.	Delaware	2001
Jolter Investments Inc.	Delaware	1989
GSS III Funding, Inc.	Delaware	2005
GSS III Funding Partner, Inc.	Delaware	2005
Global Special Situations III Funding L.P.	Delaware	2005
Jolter Investments Inc.	Delaware	1989
Japan Core Funding Inc.	Delaware	2005
Merope LLC	Delaware	2003
Electra Ltd	Cayman Islands	2003
Maia Ltd	Cayman Islands	2003
Morgan Rundle Inc.	Delaware	1978
MR Ventures Inc.	Delaware	1982
Morgan Stanley & Co. Incorporated	Delaware	1969
Graystone Wealth Management Services LLC	Delaware	1999
Morgan Stanley Flexible Agreements Inc.	Delaware	1992
Morgan Stanley Management Services II, Inc.	Delaware	2005
MS Securities Services Inc.	Delaware	1981
Prime Dealer Services Corp.	Delaware	1994
Morgan Stanley ABS Capital I Inc.	Delaware	1997

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley ABS Capital II Inc.	Delaware	1997
Morgan Stanley Amanu LLC	Delaware	2002
Makatea JV Inc.	Delaware	2002
Morgan Stanley Moorea Inc.	Delaware	2002
Morgan Stanley Pinaki Limited	Cayman Islands	2002
Morgan Stanley Raraka Limited	Cayman Islands	2002
Morgan Stanley Tepoto Limited	Cayman Islands	2002
Morgan Stanley Asset Funding Inc.	Delaware	1997
Morgan Stanley Atlas, Inc.	Delaware	2002
Morgan Stanley Biscay LLC	Delaware	2002
Morgan Stanley Alpha Investments LLP	United Kingdom	2003
Morgan Stanley Epsilon Investments Limited	United Kingdom	2003
Morgan Stanley Plymouth Limited	Cayman Islands	2002
Morgan Stanley Viking LLC	Delaware	2002
Morgan Stanley Fastnet LLC	Delaware	2002
Morgan Stanley Humber LLC	Delaware	2002
Fitzroy Partnership	Delaware	2002
Morgan Stanley Kite LLC	Delaware	2005
Morgan Stanley Firecrest LLC	Delaware	2005
Morgan Stanley Boscastle Holding Limited	Cayman Islands	2004
Morgan Stanley Cornerways Cayman Limited	Cayman Islands	2004
Morgan Stanley Monmouth UK	United Kingdom	2003
Morgan Stanley Stoneyside Cayman Limited	Cayman Islands	2004
Morgan Stanley White Horse UK	United Kingdom	2003
Morgan Stanley Capital I Inc.	Delaware	1985
Morgan Stanley Capital Group Inc.	Delaware	1984

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Energy Development Corp.	Delaware	2002
MSDW Power Development Corp.	Delaware	2000
MS Retail Development Corp.	Delaware	2003
Naniwa Energy LLC	Delaware	2000
Naniwa Terminal LLC	Delaware	2001
Power Contract Finance, L.L.C.	Delaware	2002
Power Contract Financing II, Inc.	Delaware	2005
Power Contract Financing II, L.L.C.	Delaware	2005
South Eastern Electric Development Corporation	Delaware	1998
South Eastern Generating Corporation	Delaware	2000
Morgan Stanley Capital International Inc. *	Delaware	1998
Barra, Inc. *	Delaware	1998
Barra International Ltd. *	Delaware	1990
BarraConsult Ltda.*	Brazil	1998
Barra International (Australia) Pty Ltd *	Australia	1999
Investment Performance Objects Pty Ltd *	Australia	1992
Barra Japan Co., Ltd *	Japan	1986
Barra Ventures, Inc. *	Delaware	2001
Barra Holdings Company Ltd *	United Kingdom	1987
Barra POSIT, Inc. *	Delaware	2001
Financial Engineering Associates, Inc. *	California	1985
MSCI Barra Financial Information Consultancy (Shanghai) Limited * Note: legal name is 跃财经信息咨询(上海)有限公司	People's Rep. of China	2005
Morgan Stanley Capital International Australia Pty Limited *	Australia	2000
Morgan Stanley Capital International Limited *	United Kingdom	2000

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Capital International S.A. *	Switzerland	1998
Morgan Stanley Capital International Services Private Limited *	India	2004
Morgan Stanley Capital International Singapore Pte Limited *	Singapore	2003
Morgan Stanley Capital Management, LLC	Delaware	2002
Morgan Stanley Domestic Capital, Inc.	Delaware	2001
Morgan Stanley Bank	Utah	1990
Morgan Stanley Credit Corporation	Delaware	1969
NOVUS Receivables Financing Inc.	Delaware	1999
Morgan Stanley Credit Corporation of Iowa	Iowa	1977
Morgan Stanley Credit Corporation of Minnesota	Minnesota	1994
Morgan Stanley Credit Corporation of Pennsylvania	Pennsylvania	1967
Morgan Stanley Credit Corporation of Tennessee	Tennessee	1975
NOVUS Credit Services Inc.	Delaware	1960
Discover Community Development Corporation	Delaware	2005
NOVUS Financial Corporation of Washington	Washington	1991
Bank of New Castle	Delaware	1988
Discover Bank	Delaware	1911
Discover Products Inc.	Utah	2004
GTC Insurance Agency, Inc.	Delaware	1999
Discover Card Limited	Gibraltar	1992
Discover Financial Services (Canada), Inc.	Canada	1985
Discover Financial Services LLC	Delaware	1985
Pulse EFT Association, Inc.	Delaware	2004
Discover Financial Services Insurance Agency, Inc.	Delaware	2002

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Discover Services Corporation	Delaware	1990
SCFC Receivables Corp.	Delaware	1989
Discover Receivables Financing Corporation	Delaware	1989
Morgan Stanley Capital Partners III, Inc.	Delaware	1993
Morgan Stanley Capital Services Inc.	Delaware	1985
MS Avondale 1 B.V.	The Netherlands	2003
MS Avondale 2 B.V.	The Netherlands	2003
Morgan Stanley Capital Trust II	Delaware	1998
Morgan Stanley Capital Trust III	Delaware	1998
Morgan Stanley Capital Trust IV	Delaware	1998
Morgan Stanley Capital Trust V	Delaware	1998
Morgan Stanley Commercial Mortgage Capital, Inc.	Delaware	1994
Morgan Stanley Content Corporation	Delaware	2004
Morgan Stanley Credit Enhancing Inc.	Delaware	2002
Morgan Stanley Credit Servicing Inc.	Delaware	2001
Morgan Stanley Dean Witter Commercial Financial Services, Inc.	Delaware	2000
Morgan Stanley Dean Witter Equity Funding, Inc.	Delaware	1998
Morgan Stanley Dean Witter International Incorporated	Delaware	1978
Dean Witter International Ltd.	United Kingdom	1988
Dean Witter Reynolds GmbH	Germany	1974
Dean Witter Reynolds International, Inc.	Panama	1959
Dean Witter Reynolds (Geneva) S.A.	Switzerland	1991
Dean Witter Reynolds (Lausanne) S.A.	Switzerland	1973
Dean Witter Reynolds (Lugano) S.A.	Switzerland	1989
River View International Inc.	Delaware	1998

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Dean Witter Principal Funding, Inc.	Delaware	1998
Morgan Stanley (Hungary) Financial Services Limited	Hungary	2000
SPV Columbus S.r.L.	Italy	2001
Morgan Stanley Dean Witter Wealth Management, Inc.	Delaware	1998
Morgan Stanley Derivative Products Inc.	Delaware	1994
Morgan Stanley Distributors Inc.	Delaware	1992
Morgan Stanley Domestic Leasing Inc.	Delaware	2004
Morgan Stanley DW Inc.	Delaware	1968
Dean Witter Reynolds Insurance Agency (Massachusetts) Inc.	Massachusetts	1975
Dean Witter Reynolds Insurance Agency (Ohio) Inc.	Ohio	1977
Dean Witter Reynolds Insurance Agency (Oklahoma) Inc.	Oklahoma	1976
Dean Witter Reynolds Insurance Agency (Texas) Inc.	Texas	1978
Dean Witter Reynolds Insurance Services (Illinois) Inc.	Illinois	1975
Dean Witter Reynolds Insurance Services, Inc. (Puerto Rico)	Puerto Rico	1987
Dean Witter Reynolds Insurance Services (Maine) Inc.	Maine	1995
Dean Witter Reynolds Insurance Services (Montana) Inc.	Montana	1977
Dean Witter Reynolds Insurance Services (New Hampshire) Inc.	New Hampshire	1977
Dean Witter Reynolds Insurance Services (South Dakota) Inc.	South Dakota	1977
Dean Witter Reynolds Insurance Services (Wyoming) Inc.	Wyoming	1977
Morgan Stanley Dean Witter Insurance Services (Alabama) Inc.	Alabama	1991
Morgan Stanley Dean Witter Insurance Services (Arizona) Inc.	Arizona	1974
Morgan Stanley Dean Witter Insurance Services (Arkansas) Inc.	Arkansas	1977

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Dean Witter Insurance Services Inc.	Delaware	1972
Dean Witter Reynolds Insurance Agency (Indiana) Inc.	Indiana	1975
Morgan Stanley Emerging Markets Inc.	Delaware	1990
Always Limited	Cayman Islands	2000
Hybrid Capital Y.K.	Japan	2000
Inter Capital Alliance Company Limited	Thailand	2004
MS China 1 Limited	Cayman Islands	2005
DAH Limited	Cayman Islands	2005
Dare Limited	Cayman Islands	2005
DASH Limited	Cayman Islands	2005
MSGHYLADD	Ireland	1999
MSJI LLC	Delaware	2005
Philippine Asset Investment (SPV - AMC) Inc.	The Philippines	2004
Morgan Stanley Equity Services Inc.	Delaware	2005
Morgan Stanley Finance (Jersey) Limited	Jersey, Channel Is.	1990
Morgan Stanley Funding, Inc.	Delaware	1997
Morgan Stanley Funding Services Corporation	Delaware	2001
Morgan Stanley Fund Services Inc.	Delaware	2004
Morgan Stanley Fund Services (Bermuda) Ltd.	Bermuda	2004
Morgan Stanley Fund Services (Cayman) Ltd.	Cayman Islands	2004
Morgan Stanley Fund Services (Ireland) Limited	Ireland	2005
Morgan Stanley Fund Services USA LLC	Delaware	2004
Morgan Stanley Global Emerging Markets, Inc.	Delaware	1996
Morgan Stanley International Holdings Inc.	Delaware	2003
Morgan Stanley AB	Sweden	1999
Morgan Stanley Advantage Services Private Limited	India	2003

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Asia Holdings I Inc.	Delaware	1990
Morgan Stanley Asia Holdings II Inc.	Delaware	1990
Morgan Stanley Asia Holdings III Inc.	Delaware	1990
Morgan Stanley Asia Holdings IV Inc	Delaware	1990
Morgan Stanley Asia Holdings VI Inc.	Delaware	1990
Morgan Stanley Asia Pacific (Holdings) Limited	Cayman Islands	1995
Morgan Stanley Asia Regional (Holdings) III LLC	Cayman Islands	1995
Morgan Stanley Dean Witter (Singapore) Holdings Pte Ltd	Singapore	1999
Morgan Stanley Asia (Singapore) Securities Pte Ltd	Singapore	2000
Morgan Stanley Dean Witter Asia (Singapore) Pte	Singapore	1992
Morgan Stanley Dean Witter Capital Group (Singapore) Pte	Singapore	1990
Morgan Stanley Investment Management Company	Singapore	1990
Morgan Stanley Labuan Investment Bank Limited	Labuan/Malaysia	2004
Morgan Stanley Dean Witter (Hong Kong) Holdings	Hong Kong	1998
Morgan Stanley Asia International Limited	Cayman Islands	1995
Morgan Stanley Hong Kong 1238 Limited	Hong Kong	2005
MSDW Asia Securities Products LLC	Cayman Islands	1995
Morgan Stanley Asia Products Limited	Cayman Islands	2005
Morgan Stanley Dean Witter Asia Limited	Hong Kong	1984
Morgan Stanley Dean Witter Futures (Hong Kong) Limited	Hong Kong	1988
Morgan Stanley Dean Witter Hong Kong Securities Limited	Hong Kong	1988

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control. Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Dean Witter Pacific Limited	Hong Kong	1987
Morgan Stanley Investment Consultancy (Beijing) Company Limited Note: Legal Name is 摩根士丹利投資顧問北京有限公司	People's Rep. of China	2005
Morgan Stanley Hong Kong 1239 Limited	Hong Kong	2005
Morgan Stanley Services Limited	Australia	2002
MSDW-JL Holdings I Limited	Cayman Islands	1998
Morgan Stanley Bosphorus Limited	Cayman Islands	2003
Morgan Stanley Canmore Limited	Cayman Islands	2001
Morgan Stanley Caledonia Limited	Cayman Islands	2001
Morgan Stanley Japan (Holdings) Ltd.	Cayman Islands	1984
City Forum Capital Limited	Cayman Islands	2001
Morgan Stanley Dean Witter Japan Group, Ltd.	Cayman Islands	2000
MSDW-JL Holdings II Limited	Cayman Islands	2000
Morgan Stanley Products Limited	Cayman Islands	2001
MS Capital Cayman Ltd.	Cayman Islands	1997
MS Remora Ltd.	Cayman Islands	2002
MSJL Holdings 4682 Limited	Cayman Islands	2005
MSJL Holdings Limited	Cayman Islands	2005
Morgan Stanley Japan Group Co., Ltd.	Japan	2005
Morgan Stanley Japan Limited	Cayman Islands	1999
Morgan Stanley Japan Securities Junbi Co., Ltd	Japan	1996
MSDW Birkdale Limited	Cayman Islands	2000
MSDW Portrush Limited	Cayman Islands	2000

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MSDW (Holdings) III Limited	Cayman Islands	2001
Morgan Stanley Credit Services Japan Limited	Cayman Islands	2001
MSDW Muirfield Limited	Cayman Islands	2000
MSDW Lytham Limited	Cayman Islands	2000
Swilken Limited	Cayman Islands	2001
Morgan Stanley Asset & Investment Trust Management Co., Limited	Japan	1987
Morgan Stanley Asset Management S.A.	Luxembourg	1988
Morgan Stanley B.V.	The Netherlands	2001
Morgan Stanley Bank AG	Germany	1986
Morgan Stanley Canada Limited	Canada	1982
Morgan Stanley Capital (Luxembourg) S.A.	Luxembourg	1993
Morgan Stanley Commodities Trading Cayman Holdings Limited	Cayman Islands	2005
Morgan Stanley Dean Witter Asia (China) Limited	Hong Kong	1991
Morgan Stanley Dean Witter Asia (Taiwan) Ltd.	Rep. of China	1990
Morgan Stanley Dean Witter Australia Finance Limited	Australia	1999
Morgan Stanley (Australia) Real Estate Holdings Pty Limited	Australia	2004
Morgan Stanley Arcadia International Real Estate Limited	Australia	2004
Morgan Stanley Dean Witter Hong Kong Nominees Limited	Hong Kong	1988
Morgan Stanley Dean Witter Mauritius Company Limited	Mauritius	1993
Morgan Stanley Asia Regional (Holdings) II LLC	Cayman Islands	1995
Morgan Stanley India Securities Private Limited *	India	1995
JM Morgan Stanley Securities Private Limited *	India	1998

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
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Morgan Stanley Investment Management Private Limited *	India	1993
MSIM Global Support and Technology Services Private Limited	India	2003
Morgan Stanley Dean Witter (Thailand) Limited	Thailand	1997
Morgan Stanley (España), S.A:	Spain	1998
Morgan Stanley Havel GmbH	Germany	2005
Morgan Stanley Warta GmbH	Germany	2005
Morgan Stanley Werra GmbH & Co. KG	Germany	2004
Morgan Stanley International Limited	United Kingdom	1998
Morgan Stanley Funding II Limited	Jersey, Channel Is.	1999
Morgan Stanley Group (Europe)	United Kingdom	1988
Bayfine UK Products	United Kingdom	2000
Morgan Stanley Bramley Limited	United Kingdom	2004
Morgan Stanley Capital Group Limited	United Kingdom	1993
Morgan Stanley Card Services Limited	United Kingdom	1999
Morgan Stanley Dean Witter Trustee Limited	United Kingdom	1999
Morgan Stanley (Europe) Limited	United Kingdom	1993
Morgan Stanley Finance plc	United Kingdom	1993
Morgan Stanley Caballa Limited	United Kingdom	2001
Morgan Stanley Gastoro Limited	United Kingdom	2001
Morgan Stanley Pintado Investments Limited	United Kingdom	2001
Woburn IV Coöperatieve U.A.	The Netherlands	2002
Woburn V Coöperatieve U.A.	The Netherlands	2002
MSDW Corporate Holdings Limited	United Kingdom	2000
MSDW Corporate Investments I Limited	Jersey, Channel Is.	1999

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MSDW Corporate Investments II Limited	Jersey, Channel Is.	1999
Sunningdale Cooperatieve U.A.	The Netherlands	1999
Woburn Cöoperatieve U.A.	The Netherlands	1999
Wentworth Cooperatieve U.A.	The Netherlands	2000
Morgan Stanley Gala Limited	Jersey, Channel Is.	2005
Morgan Stanley Investment Management Limited	United Kingdom	1986
Morgan Stanley Investment Management (ACD) Limited	United Kingdom	2003
Morgan Stanley JY Holdings Limited	United Kingdom	2000
Morgan Stanley JY Limited	United Kingdom	2001
Morgan Stanley Laxton	United Kingdom	2005
Morgan Stanley Bank International Limited	United Kingdom	1999
Morgan Stanley Property Management (UK) Limited	United Kingdom	1987
Morgan Stanley Services (UK) Limited	United Kingdom	1993
Morgan Stanley (Structured Products) Jersey Limited	Jersey, Channel Is.	1994
Morgan Stanley UK Group	United Kingdom	1976
Morgan Stanley & Co. International Limited	United Kingdom	1986
Dean Witter Reynolds International S.A.	France	1979
Morgan Stanley Dean Witter Strategic Investments Limited	United Kingdom	2000
MSDW Lyle Investments Limited	United Kingdom	2000
Morgan Stanley Dover Investments Limited	United Kingdom	2003
Morgan Stanley Equity Finance (Denmark) ApS	Denmark	2004
Morgan Stanley Equity Financing Services (Sweden) AB	Sweden	2005
Morgan Stanley Fisher Investments Limited	United Kingdom	2003

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Ashwood Cooperatieve U.A.	The Netherlands	2004
Woburn VI Coöperatieve U.A.	The Netherlands	2004
Morgan Stanley (France) SAS	France	1998
Morgan Stanley International Nominees Limited	United Kingdom	1994
Morgan Stanley Lundy Investments Limited	United Kingdom	2003
Morgan Stanley Mandarin Limited	United Kingdom	2001
Morgan Stanley Harlequin Investments Limited	United Kingdom	2001
Metsys Cooperatieve U.A.	The Netherlands	2004
Morgan Stanley Pintail Investments Limited	United Kingdom	2001
Bonaire Cooperatieve U.A.	The Netherlands	2005
Tamboer Cooperatieve U.A.	The Netherlands	2005
Orangewood Cooperatieve U.A.	The Netherlands	2001
Saenredam Cooperatieve U.A.	The Netherlands	2001
Saldanha Cooperatieve U.A.	The Netherlands	2004
Morgan Stanley Rivelino Investments Limited	United Kingdom	2004
Morgan Stanley Dolor Limited	Cayman Islands	2005
Morgan Stanley Gerson Limited	Cayman Islands	2004
Morgan Stanley Tostao Limited	Cayman Islands	2004
Denilson Company Pty Limited	Australia	2004
Everaldo LP	Australia	2005
Morgan Stanley Zico Investments Limited	United Kingdom	2004
Morgan Stanley Silvermere Limited	United Kingdom	2001
Morgan Stanley Northcote Investments Limited	United Kingdom	2001

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Borderwijk Cooperatieve U.A.	The Netherlands	2003
Morgan Stanley Norton Investments Limited	United Kingdom	2001
Bermont Cooperatieve U.A.	The Netherlands	2001
Shavano Cooperatieve UA	The Netherlands	2002
Morgan Stanley Yarmouth Limited	Cayman Islands	1997
Morgan Stanley Wertpapiere GmbH	Germany	1989
MSDW Turnberry Ltd.	United Kingdom	2000
MSDW Jubilee Investments Ltd.	United Kingdom	2000
Augusta Cooperatieve UA	The Netherlands	2000
MSDW Eden Investments Ltd.	United Kingdom	2000
MSDW Mallard Investments Limited	United Kingdom	2000
Carysforth Investments Limited	Cayman Islands	2001
Haddington Investments Limited	Cayman Islands	2000
MSDW Montgomerie Limited	United Kingdom	2000
Wadway1 Cooperatieve U.A.	The Netherlands	2004
Wadway2 Cooperatieve U.A.	The Netherlands	2004
Morgan Stanley Humboldt Investments Limited	United Kingdom	2003
Morgan Stanley Malin Investments Limited	United Kingdom	2000
Morgan Stanley Portland Investments Limited	United Kingdom	2003
MSDW Raleigh Investments Limited	United Kingdom	2000
Drake Investments Limited *	Cayman Islands	2001
Livingstone Investments Limited	Jersey, Channel Is.	2001
Woburn III Cöoperatieve U.A.	The Netherlands	2001
Morgan Stanley & Co. Limited	United Kingdom	1987

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
East Sussex Financing Limited	Jersey, Channel Is.	2004
Cottenden Financing Unlimited	Jersey, Channel Is.	2004
Morgan Stanley Foreign Complex Trust	Delaware	2004
Morgan Stanley Foreign Complex Trust IX	Delaware	2005
Morgan Stanley Securities ACD Limited	United Kingdom	2004
Morgan Stanley Securities Limited	United Kingdom	1986
Morstan Nominees Limited	United Kingdom	1986
MSDW Equity (UK) Plc	United Kingdom	1998
Morgan Stanley UK Limited	United Kingdom	2000
Morgan Stanley Trustee Limited	United Kingdom	2004
OOO Morgan Stanley Bank	Russian Federation	2005
Quilter Holdings Limited	United Kingdom	1995
Foster & Brathwaite Limited	United Kingdom	1987
Quilter & Co. Limited	United Kingdom	1985
CIPM Nominees Limited	Jersey, Channel Is.	1988
Coastal Nominees (International) Limited	United Kingdom	1985
Coastal Nominees Limited	United Kingdom	1957
Commercial Trust Co. Limited	Jersey, Channel Is	1994
Hawkshead Trust Nominees Limited	United Kingdom	1929
Marcel Nominees Limited	United Kingdom	1986
Morgan Stanley Quilter (Ireland) Nominees Limited	Ireland	2003
Morgan Stanley Quilter Nominees Limited	United Kingdom	1937
MS Quilter Limited	United Kingdom	1989
QGCi Nominees Limited	Jersey, Channel Is.	1989

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
QGCi Offshore Special Selection Nominee Company Limited	Jersey, Channel Is.	1988
Quilpep Nominees Limited	United Kingdom	1986
Quilter Fund Management Limited	United Kingdom	1988
Quilter Investments Limited	United Kingdom	1999
Quilter International Management Limited	Guernsey, Channel Is.	1984
MS Leasing UK Limited	United Kingdom	1991
Morgan Stanley Finance (C.I.) Limited	Jersey, Channel Islands	2001
MSDW Fixed Income Limited	Jersey, Channel Is.	1999
Willow Capital Limited	Jersey, Channel Is.	1999
Morgan Stanley (Israel) Ltd.	Israel	2001
Morgan Stanley Latin America Incorporated	Delaware	1994
Banco Morgan Stanley Dean Witter S.A.	Brazil	1998
Morgan Stanley Dean Witter Administradora de Carteiras S.A.	Brazil	1996
Morgan Stanley Dean Witter Corretora de Títulos e Valores Mobiliários S.A.	Brazil	2001
Morgan Stanley Dean Witter do Brasil Ltda.	Brazil	1995
Morgan Stanley Financial Products Ltd.	Cayman Islands	1997
Morgan Stanley Uruguay Ltda.	Uruguay	2001
MSLA Advisors Incorporated	Delaware	1995
Morgan Stanley Middle East Inc.	Delaware	1997
Morgan Stanley Mortgage Servicing Ltd.	United Kingdom	1997
Morgan Stanley Newport S.a.r.l.	Luxembourg	2005
Morgan Stanley Private Equity Management Korea, Ltd.	Republic of Korea	2005
Morgan Stanley Real Estate Investment GmbH	Germany	2005

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley SGR (Società di Gestione del Risparmio) SpA	Italy	2001
Morgan Stanley Shanklin Limited	Cayman Islands	2005
Morgan Stanley South Africa (Pty) Limited	South Africa	1994
Morgan Stanley, S.V., S. A.	Spain	1999
AB Asesores Bursátiles Cordoba, S.A. *	Spain	1992
AB Asesores Ceuta, S.L. *	Spain	1998
Morgan Stanley Consulting, S.A.	Spain	2000
Morgan Stanley Gestión Pensiones EGFP, S.A.	Spain	1992
Morgan Stanley Gestión SGIIC, S.A.	Spain	1987
Morgan Stanley Swiss Holdings GmbH	Switzerland	2001
Bank Morgan Stanley AG	Switzerland	1973
Fosbury Investments Cooperatieve U.A.	The Netherlands	1998
Morgan Stanley Trading Beteiligungs-GmbH	Germany	1993
Morgan Stanley Trading GmbH & Co. KG	Germany	1994
MSAM/Kokusai (Cayman Islands), Inc.	Cayman Islands	1996
MSAM/Kokusai II (Cayman Islands), Inc.	Cayman Islands	1997
MSDW Equity Financing Services (Luxembourg) S.à.r.l.	Luxembourg	2001
MSDW Finance (Netherlands) B.V.	The Netherlands	2000
MS Italy (Holdings) Inc.	Delaware	1990
MSL Incorporated	Delaware	1976
Morgan Stanley SPV I (Cayman Islands) LLC	Cayman Islands	1996
Farlington Company	Ireland	1996
ITALSEC S.r.l.	Italy	1996
Providence DE LLC	Delaware	2000
Providence Canada Co.	Canada	2000

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Providence Cayman Investments Limited *	Cayman Islands	2000
Providence DE Investments Co. *	Delaware	2000
PT Morgan Stanley Indonesia	Indonesia	2005
YK Hybrid Capital Second	Japan	2004
Morgan Stanley International Incorporated	Delaware	1963
Morgan Stanley Asia Holdings V Inc.	Delaware	1990
Morgan Stanley (Australia) Holdings Pty Limited	Australia	2002
Morgan Stanley (Australia) Securities Holdings Pty Limited	Australia	2003
Morgan Stanley Dean Witter Australia Securities Limited	Australia	1997
Morgan Stanley Dean Witter Australia Securities (Nominee) Pty Limited	Australia	1999
Morgan Stanley Capital Holdings	United Kingdom	2003
Morgan Stanley Dean Witter Financial Holdings, LLC	Delaware	1999
Morgan Stanley Dean Witter Hong Kong Finance Limited	Hong Kong	1999
Morgan Stanley Dean Witter UK Capital Limited	United Kingdom	1999
Morgan Stanley Dean Witter HK RAV IV, LLC	Delaware	1999
Morgan Stanley Dean Witter Australia Limited	Australia	1989
Morgan Stanley International Finance S.A.	Luxembourg	2005
Morgan Stanley International Insurance Ltd.	Bermuda	1995
MSIIL Captive Insurance, Inc.	Arizona	2003
Morgan Stanley Offshore Investment Company Ltd.	Cayman Islands	1987
Morgan Stanley Select Investment Strategies Ltd.	Cayman Islands	2001
Morgan Stanley SerCo Solutions Pty Limited	Australia	2001
Morgan Stanley SPV II (Cayman Islands) LLC	Cayman Islands	1996
MSDW Investment Holdings Limited	Cayman Islands	1999

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Cabot 2 Limited	United Kingdom	1978
MS Cabot Inc.	Delaware	1995
Cornwall Financing UK Limited	Jersey, Channel Is.	1999
MSDW Investment Holdings (US) Inc.	Delaware	1999
Morgan Stanley Corporate Trader	United Kingdom	2004
Morgan Stanley Financial Trader	United Kingdom	2004
Morgan Stanley UK Trader Limited	United Kingdom	2004
Cabot 1 Limited	United Kingdom	1983
Morgan Stanley Equity Trader	United Kingdom	2004
Morgan Stanley Russet LLP	United Kingdom	2004
Applied Risc Technologies Limited	United Kingdom	1995
Morgan Stanley Cornwall Investments UK Limited	Jersey, Channel Is.	2003
Morgan Stanley Investment Holdings Jersey Limited	Jersey, Channel Is.	2004
Hampshire Trading B.V.	The Netherlands	2004
Lancashire Trading B.V.	The Netherlands	2004
Morgan Stanley Equity Financing SAS	France	2004
Norfolk Trading B.V.	The Netherlands	2004
Suffolk Trading B.V.	The Netherlands	2004
Wiltshire Trading B.V.	The Netherlands	2004
Morgan Stanley Funding Limited	Jersey, Channel Is.	1997
Yorkshire Trading B.V.	The Netherlands	2004
MSDW Investment Holdings (UK) Ltd.	United Kingdom	1999
Morgan Stanley Investment Advisors Inc.	Delaware	1992
Morgan Stanley Services Company Inc.	Delaware	1994

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Investment Management Inc.	Delaware	1980
MAS Capital Management Partners, LP	Delaware	2000
Morgan Stanley AIP Funding Inc.	Delaware	2000
Morgan Stanley Alternative Investments Inc.	Delaware	2000
Morgan Stanley AIP (Cayman) GP Ltd.	Cayman Islands	2002
Morgan Stanley AIP GP LP	Delaware	2000
Morgan Stanley Alternative Investment Partners LP	Delaware	2000
Morgan Stanley Comprehensive Alternatives Fund I LP	Delaware	2000
Morgan Stanley Distribution, Inc.	Pennsylvania	1992
Morgan Stanley Global Franchise Inc.	Delaware	1997
Morgan Stanley (Jersey) Limited	Jersey, Channel Is.	1986
Morgan Stanley Kristinestad LLC	Delaware	2003
Morgan Stanley Leveraged Equity Fund II, Inc.	Delaware	1987
Morgan Stanley Dean Witter Private Equity Asia Limited	Hong Kong	1992
Morgan Stanley Leveraged Equity Holdings Inc.	Delaware	1987
Morgan Stanley Market Products Inc.	Delaware	1987
Morgan Stanley Milla LLC	Delaware	2005
Morgan Stanley Lineker LLC	Delaware	2005
Morgan Stanley Mortgage Capital Inc.	New York	1984
Morgan Stanley Dean Witter Asset Capital Inc.	Delaware	2000
MS LIQ-I, Inc.	New York	2002
Morgan Stanley Municipal Funding Inc.	Delaware	1998
Morgan Stanley Municipal Management, Inc.	Delaware	2001
Morgan Stanley Overseas Finance Ltd.	Cayman Islands	1997
Morgan Stanley Overseas Services (Jersey) Limited	Jersey, Channel Is.	1986

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Private Equity Asia, Inc.	Delaware	2005
Morgan Stanley Procurement Inc.	Delaware	2002
Morgan Stanley Real Estate Advisor, Inc.	Delaware	2003
MSREA Holdings, Inc.	Delaware	2003
MSREA Holdings, LLC	Delaware	2003
MSREA II Holdings, LLC	Delaware	2003
Morgan Stanley Real Estate Investment Management Inc.	Delaware	1990
Morgan Stanley Real Estate Fund, Inc.	Delaware	1989
MSREF I, L.L.C.	Delaware	1995
MSREF I-CO, L.L.C.	Delaware	1995
Morgan Stanley Real Estate Investment Management II, Inc.	Delaware	1994
MSREF II-CO, L.L.C.	Delaware	1995
Morgan Stanley Realty Incorporated	Delaware	1969
BH-MS Realty Inc.	Delaware	1983
BH-MS Leasing Inc.	Delaware	1983
BH-Sartell Inc.	Delaware	1983
Brooks Harvey & Co., Inc.	Delaware	1971
Dean Witter Global Realty Inc.	Delaware	1995
Japan Realty Finance Company	Cayman Islands	1998
Japan Realty Finance Company II	Cayman Islands	2001
Morgan Stanley Properties, Inc.	Delaware	1998
Morgan Stanley Properties Corso Venezia S.r.l.	Italy	1999
Morgan Stanley Properties France SAS	France	2000
Morgan Stanley Properties Germany GmbH	Germany	1999
Morgan Stanley Properties Hong Kong Limited	Hong Kong	2004
Morgan Stanley Properties Korea Limited	Korea	2000

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MSK Management II, Ltd. *	Korea	2001
MSP China Holdings Limited	Cayman Islands	2002
Morgan Stanley Properties Advisory Corp. Limited	Cayman Islands	2002
Beijing Kaili Asset Servicing Co., Ltd. *	People's Rep. of China	2003
Morgan Stanley Properties (China) Co. Ltd.	People's Rep. of China	2003
MSDI Investment Services *	People's Rep. of China	2004
Morgan Stanley Properties Japan, K.K.	Japan	1998
K.K. MST Investment Management *	Japan	2005
K.K. Panorama Hospitality	Japan	2003
Lombard Servicing Inc.	Japan	1999
Morgan Stanley Realty of California Inc.	California	1970
Morgan Stanley Realty of Illinois Inc.	Delaware	1989
Tokyo Realty Investment Company	Cayman Islands	1998
Tokyo Realty Investment Company II	Cayman Islands	2001
Morgan Stanley SECAP Funding, LLC	Delaware	2003
Morgan Stanley Securities, Inc.	Delaware	1985
MS Equity Products (Luxembourg) S.à.r.l	Luxembourg	2001
Morgan Stanley Securitization Funding Inc.	Delaware	1998
Morgan Stanley Senior Funding, Inc.	Delaware	1996
Morgan Stanley European Funding, Inc.	Delaware	2003
Morgan Stanley European Leveraged Products Inc.	Delaware	2004
Morgan Stanley MSSF LLC	Delaware	2005
Morgan Stanley Senior Funding (Nova Scotia) Co.	Canada	2003
Tenedora Dalia, S. de R.L. de C.V.	Mexico	2005

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Services Inc.	Delaware	1988
Morgan Stanley Special Situations Group Inc.	Delaware	tbd
Morgan Stanley Structured Products (Cayman) I Limited	Cayman Islands	1997
Morgan Stanley Technical Services Inc.	Delaware	1989
Morgan Stanley Technical Services MB/VC Inc.	Delaware	1993
Morgan Stanley Tower, LLC	Delaware	2002
MS Financing Inc.	Delaware	1986
AWAS Aviation Holdings LLC	Delaware	1999
Alltransair Nevada, Inc.	Nevada	1986
Alsea LLC	Delaware	2000
Ancon Inc.	Nevada	1991
Anfal Inc.	Nevada	1991
Angar Nevada	Nevada	1994
Ansett Worldwide Aviation, U.S.A.	Nevada	1986
Ansett Worldwide Aviation Ireland Limited	Ireland	1996
Ansett Worldwide Aviation (Labuan) Inc.	Malaysia	2002
Ansett Worldwide Aviation UK Limited	United Kingdom	1994
AWAS (Bermuda) Limited	Bermuda	2003
AWAS (Singapore) Pte Ltd	Singapore	2002
Ansett Worldwide Aviation Limited	Hong Kong	1987
Ansett Worldwide Aviation Sales Limited	Hong Kong	1989
AWMS III	Delaware	2000
Anzam Limited	Hong Kong	1991
AWMS II	Delaware	2000
Fiban Limited	Hong Kong	1991
Ansett Worldwide Aviation Netherlands B.V.	The Netherlands	1992

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
AWAS Aviation Finance	Delaware	1997
Aircraft SPC-5, Inc.	California	1997
AWAS (Sweden) AB	Sweden	2005
Greenfly (Ireland) Limited	Ireland	1997
MSA V	Delaware	1999
AWAS (Australia) Pty Limited	Australia	1993
AWAS Aviation Services, Inc.	New York	2000
AWAS (Ireland) Limited	Ireland	1997
Eplane Research Limited	Ireland	2000
AWAS (UK) Limited	United Kingdom	2001
AWMS I	Delaware	2000
AWMS (Celtic) Limited	Ireland	2000
AWMS (Delaware) Inc.	Delaware	2000
Calapooia Air Limited	Hong Kong	1987
Nordstress Limited	Hong Kong	1982
Nordstress (Singapore) Pte Limited	Singapore	1992
Siletz Air Limited	Hong Kong	1987
Ansett Finance (Europe) B.V.	The Netherlands	1967
Ansett Worldwide Aviation Equipment	Hong Kong	1990
Siuslaw Air Inc.	Nevada	1990
G.H.Y. Capital II B.V.	The Netherlands	1999
Morgan Stanley 750 Building Corp.	Delaware	1994
G.H.Y. Capital B.V.	The Netherlands	1998
Morgan Stanley CS Aviation Holdings, LLC	Delaware	2003
Morgan Stanley Delta LLC	Delaware	2003
Morgan Stanley Tokyo Properties Y.K.	Japan	1989

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MS Harrison LLC	Delaware	2002
MSDW LTCP, L.L.C.	Delaware	1998
Morgan Stanley Trust	Federal Charter	1996
Morgan Stanley Trust National Association	Federal Charter	2003
Morgan Stanley Venture Capital II, Inc.	Delaware	1992
Morgan Stanley Venture Capital III, Inc.	Delaware	1996
Morgan Stanley Venture Capital Inc.	Delaware	1984
Morstan Development Company, Inc.	Delaware	1971
Moranta, Inc.	Georgia	1979
Porstan Development Company, Inc.	Oregon	1982
MS 10020, Inc.	Delaware	1994
MS Capital Holdings Inc.	Delaware	1997
MS Holdings Incorporated	Delaware	1995
Morgan Stanley Global Macro Fund GP LLC	Delaware	2005
Morgan Stanley Hedge Fund Partners Cayman Ltd	Cayman Islands	2003
Morgan Stanley Hedge Fund Partners GP LP	Delaware	2003
Morgan Stanley HFP Investment Inc.	Delaware	2005
Morgan Stanley Hedge Fund Partners LP	Delaware	2003
Morgan Stanley IMDCP Funding, LLC	Delaware	2005
Private Investment Partners Inc.	Delaware	2005
Private Investment Partners GP Inc.	Delaware	2005
MS Kasko LLC	Delaware	2002
North European Funding LLC *	Delaware	2002
MS Lion LLC	Delaware	2002
Morgan Stanley Beta Investments Limited	United Kingdom	2003
Morgan Stanley Gamma Investments	United Kingdom	2003

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Morgan Stanley Plover Limited	United Kingdom	2005
Gotwit Limited Partnership	United Kingdom	2005
Morgan Stanley Sandpiper Limited	United Kingdom	2005
Morgan Stanley Starling Limited	United Kingdom	2005
Sandmartin Limited Partnership	United Kingdom	2005
Morgan Stanley Puffin Limited	Cayman Islands	2005
Morgan Stanley Swallow Limited	United Kingdom	2005
MS Leopard Inc.	Delaware	2002
MS Lynx Ltd.	Cayman Islands	2002
Puma JV LLC	Delaware	2022
MS Tiger Ltd.	Cayman Islands	2002
Oncilla LLC*	Delaware	2002
MS Low Income Housing Corporation	Delaware	2002
Morgan Stanley Georgia Tax Credit Fund III, LLC	Delaware	2005
Pietra I LLC	Delaware	2005
Trova I LLC	Delaware	2002
Trova II LLC	Delaware	2002
Trova III LLC	Delaware	2002
Trova IV LLC	Delaware	2002
Viento LLC	Delaware	2003
Viento II LLC	Delaware	2002
Viento III LLC	Delaware	2002
Viento IV LLC	Delaware	2004
Viento V LLC	Delaware	2004
Viento VI LLC	Delaware	2004
Viento VII LLC	Delaware	2004

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Viento VIII LLC	Delaware	2004
Viento IX LLC	Delaware	2004
Viento X LLC	Delaware	2004
Viento XI LLC	Delaware	2004
Viento XII LLC	Delaware	2004
Viento XIII LLC	Delaware	2005
Viento XIV LLC	Delaware	2005
MS Real Estate Mezzanine Advisor, Inc.	Delaware	2002
MS Real Estate Special Situations GP Inc.	Delaware	1997
MS Revel EFS LLC	Delaware	2000
D&A Limited	Cayman Islands	2001
D&E Limited	Cayman Islands	2001
D&S Limited	Cayman Islands	2001
D&Z Limited	Cayman Islands	2002
MS Structured Asset Corp.	Delaware	1998
MS Synfuels, Inc.	Delaware	1998
MS Rosebank LLC	Delaware	2005
MS Douglasdale Limited	Delaware	2005
MS Melville LLC	Delaware	2005
MS Dainfern LLC *	Delaware	2005
MS Greenside LLC	Delaware	2005
MS Houghton LLC	Delaware	2005
Sandhurst Partnership *	Delaware	2005
MS Sandhurst FX LLC	Delaware	2005
MS Technology Holdings, Inc.	Delaware	1997
MSAM Holdings II, Inc.	Delaware	1996

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
Van Kampen Investments Inc.	Delaware	1992
Van Kampen Advisors Inc.	Delaware	1974
Van Kampen Asset Management	Delaware	1936
Van Kampen Exchange Corp.	California	1975
Van Kampen Funds Inc.	Delaware	1974
Van Kampen Investor Services Inc.	Delaware	1987
MSBF Inc.	Delaware	1995
MSCP III Holdings, Inc.	Delaware	1994
Morgan Stanley Proprietary Trading Co. (Cayman) Limited	Cayman Islands	2001
MSD Community Development Corporation	Delaware	2003
MSDW Capital Partners IV, Inc.	Delaware	1998
MSDW Capital Trust I	Delaware	1998
MSDW Carnoustie LLC	Delaware	2000
MSDW Gleneagles Limited	Cayman Islands	2000
Marchmont Capital, Inc. *	Delaware	2002
MSDW CPIV Holdings, Inc.	Delaware	1998
MSDW Credit Products Inc.	Delaware	2001
Morgan Stanley Credit Products Ltd.	Cayman Islands	1998
MSDW EFS Holdings Inc.	Delaware	2000
MSDW Emerging Equity, Inc.	Delaware	2000
MSDW Fixed Income Ventures Inc.	Delaware	2000
Morgan Stanley BrokerTec Holdings Inc.	Delaware	2001
MSDW BondBook Ventures Inc.	Delaware	2000
MSDW International Employee Services LLC	Delaware	1998
MSDW Nederland B.V.	The Netherlands	2000
MSDW Oak, LLC	Delaware	2000

Entity Name Indentations indicate control. Asterisk (*) indicates a non-affiliate has an ownership interest.	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Maple JV, LLC	Delaware	2000
Sycamore II, Inc.	Delaware	2001
Elder, LLC	Delaware	2001
Maple Finance, Inc.	Delaware	2000
MSDW Birch (Cayman) Limited	Cayman Islands	2000
MSDW Offshore Equity Services Inc.	Delaware	1998
Morgan Stanley Equity Financing Services Ireland Limited	Ireland	2004
Morgan Stanley Hedging Co. Ltd.	Cayman Islands	2002
MSDW Equity Finance Services I (Cayman) Ltd.	Cayman Islands	1998
MSDW Equity Investments Limited	Cayman Islands	1999
MSDW Offshore Equity Services (Korea) Inc.	Delaware	1999
MSDW OIP Investors, Inc.	Delaware	2000
MSDW PE/VC Holdings, Inc.	Delaware	2000
MSDW-Pioneer GP, Inc.	Delaware	2000
MSDW-Pioneer LP, Inc	Delaware	2000
MSDW Private Equity, Inc.	Delaware	2000
MSDW Real Estate Special Situations II, Inc.	Delaware	1999
MSDW Real Estate Special Situations II-A Dutch Manager, B.V.	The Netherlands	2000
MSDW Real Estate Special Situations II-B Dutch Manager, B.V.	The Netherlands	2000
MSDW Real Estate Special Situations II-C Dutch Manager, B.V.	The Netherlands	2000
MSDW Strategic Ventures Inc.	Delaware	2000
MSDW Synfuels II, Inc.	Delaware	1998
MSDW Synfuels III, Inc.	Delaware	1998
MSDW Venture Partners IV, Inc.	Delaware	1999

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MSDW VP IV Holdings, Inc.	Delaware	1999
MSEOF, Inc.	Delaware	2002
MSEOF Management LLC	Delaware	2002
MSEOF Manager SARL	Luxembourg	2002
MSGEM Holdings, Inc.	Delaware	2000
MSIT Holdings, Inc.	Delaware	1996
SL Partners MD Side Fund, LLC	Delaware	1999
MSPEA Holdings, Inc.	Delaware	2005
MSREA Guaranty, Inc.	Delaware	2004
MSREF II, Inc.	Delaware	1994
MSREF II, L.L.C.	Delaware	1995
MSREF III, Inc.	Delaware	1997
MSREF IV Funding, Inc.	Delaware	2000
MSREF IV Funding Partner, Inc.	Delaware	2000
MSREF IV, Inc.	Delaware	2000
MSREF IV, L.L.C.	Delaware	2000
MSREF V Funding, Inc.	Delaware	2004
MSREF V, L.L.C.	Delaware	2004
MSREF V Funding Partner, Inc.	Delaware	2004
MSREF V, Inc.	Delaware	2004
MSRESS III, Inc.	Delaware	2005
MSRESS III Manager, L.L.C.	Delaware	2005
MSUH Holdings I, Inc.	Delaware	1996
MSUH Holdings II, Inc.	Delaware	1996
MS SP Urban Horizons, Inc.	Delaware	1996
MS Urban Horizons, Inc.	Delaware	1994

Entity Name	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
Indentations indicate control.		
Asterisk (*) indicates a non-affiliate has an ownership interest.		
MSVP 2002 Holdings, Inc.	Delaware	2001
MSVP 2002, Inc.	Delaware	2001
MSVP 2002 Fund, LLC	Delaware	2001
MSYS Holdings Inc.	Delaware	2004
Musum I LLC	Delaware	2005
Papi LLC	Delaware	2005
Pettingell LLC	Delaware	2002
PG Holdings, Inc.	Delaware	1991
PG Holdings III, Inc.	Delaware	2000
PG Investors II, Inc.	Delaware	1996
PG Investors III, Inc.	Delaware	2000
PG Investors IV, Inc.	Delaware	1991
Pierpont Power, Inc.	New York	1987
Pinol I LLC	Delaware	2005
Providence DE Funding Co.	Delaware	2000
Providence DE Investments LLC	Delaware	2001
Providence International Limited	Cayman Islands	2004
Providence Valley Limited	Cayman Islands	2004
Providence DE Holdings Co.	Delaware	2000
Providence Cayman Holdings Limited	Cayman Islands	2000
Reynolds Securities Inc.	Delaware	1978
Shuksan LLC	Delaware	2003
Morgan Stanley Eder S.a.r.l.	Luxembourg	2005
Serratus LLC	Delaware	2002
Strategic Investments I, Inc.	Delaware	1996
Strategic Investments II, Inc.	Delaware	2004

Entity Name Indentations indicate control. Asterisk (*) indicates a non-affiliate has an ownership interest.	Jurisdiction of Incorporation or Formation	Year of Incorporation or Formation
VK Capital Inc.	Delaware	1987
Zephyr (Cayman) Limited	Cayman Islands	1999

Trend Information

Other than as disclosed by the Incorporated Information, there has been no material adverse change in the financial or trading position since 30 November 2005.

Management

Directors

The directors of Morgan Stanley as of the date of this Base Prospectus, their offices, if any, within Morgan Stanley, and their principal outside activity, if any, are listed below. The business address of each director is 1585 Broadway, New York, New York 10036, USA.

Name	Function within Morgan Stanley	Principal Outside Activity
John J. Mack	Chairman of the Board and Chief Executive Officer	John J. Mack does not perform other relevant managerial activities outside Morgan Stanley
Roy J. Bostock	Director	Director of Northwest Airlines Corporation and Yahoo! Inc.
Erskine B. Bowles	Director	President of the University of North Carolina, Director of General Motors Corporation and Cousins Properties Inc.
Howard J. Davies	Director	Director of the London School of Economics and Political Science
C. Robert Kidder	Director	Principal of Stonehenge Partners, Inc., Director of Schering-Plough Corporation
Donald T. Nicolaisen	Director	Director of Verizon Communications Inc.
Charles H. Noski	Director	Director of Microsoft Corporation and Air Products and Chemicals Inc.
Hutham S. Olayan	Director	President, Chief Executive Officer and Director of Olayan America Corporation, the Americas-based arm of The Olayan Group (since 1985). Director of the Olayan Group, a private, multinational enterprise with diversified businesses and investments in the Middle East and globally (since 1981).
O. Griffith Sexton	Director	Adjunct Professor at Columbia Business School and visiting

Name	Function within Morgan Stanley	Principal Outside Activity
		lecturer at Princeton University, Advisory director of Morgan Stanley, Director of Investor AB
Dr. Laura D'Andrea Tyson	Director	Dean of the London Business School, Director of Eastman Kodak Company and AT&T Inc.
Dr. Klaus Zumwinkel	Director	Chairman of the Board of Management, Deutsche Post AG, Director of Deutsche Lufthansa AG (Supervisory Board), Deutsche Telekom AG (Chairman, Supervisory Board), Karstadt Quelle AG (Supervisory Board) and Deutsche Postbank AG (Chairman, Supervisory Board)

During fiscal year 2005, Morgan Stanley's subsidiaries extended credit in the ordinary course of business to certain of Morgan Stanley's directors, officers and employees and members of their immediate families. These extensions of credit were in connection with margin loans, mortgage loans, credit card transactions, revolving lines of credit and other extensions of credit by Morgan Stanley's subsidiaries. The extensions of credit were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons. The extensions did not involve more than the normal risk of collectability or present other unfavorable features. Directors, officers and employees and members of their immediate families who wish to purchase securities and derivative and financial products and financial services may do so through Morgan Stanley's subsidiaries. These subsidiaries may offer them discounts on their standard commission rates or fees. These subsidiaries also, from time to time and in the ordinary course of their business, enter into transactions on a principal basis involving the purchase or sale of securities and derivative products in which Morgan Stanley's directors, officers and employees and members of their immediate families have an interest. These purchases and sales may be made at a discount from the dealer mark-up or mark-down, as the case may be, charged to non-affiliated third parties. Certain employees, including Morgan Stanley's executive officers, may invest on the same terms and conditions as other investors in investment funds that Morgan Stanley may form and manage primarily for client investment, except that Morgan Stanley may waive or lower certain fees and expenses for its employees. In addition, Morgan Stanley may, pursuant to stock repurchase authorizations in effect from time to time, repurchase or acquire shares of Morgan Stanley's common stock in the open market or in privately negotiated transactions, which may include transactions with directors, officers and employees. These transactions are in the ordinary course of business and at prevailing market prices.

During fiscal 2005, we engaged in transactions in the ordinary course of business with each of State Street and Barclays and certain of their respective affiliates. Each of State Street and Barclays beneficially owned more than 5% of the outstanding shares of Morgan Stanley common stock as of December 31, 2005. Such transactions were on substantially the same terms as those prevailing at the time for comparable transactions with unrelated third parties. We also engage in transactions, including entering into financial services transactions (e.g., trading in securities, commodities or derivatives) with, and perform investment banking, financial advisory, brokerage, investment management and other services

for, entities for which our directors and members of their immediate family serve as executive officers, and may make loans or commitments to extend loans to such entities. The transactions are conducted, services are performed, and loans and commitments are made in the ordinary course of business and on substantially the same terms, including interest rate and collateral, that prevail at the time for comparable transactions with other persons. The loans do not involve more than the normal risk of collectability or present other unfavourable features.

Save for the interests referred to in the above paragraph, in the table under the present heading or as otherwise disclosed by this document (including documents incorporated by reference herein), to the best of our knowledge and belief and having taken reasonable care to ensure that such is the case, there are no existing or potential conflicts of interest between any duties owed to Morgan Stanley by its directors or by the members of its principal committees (each as described above) and the private interests and/or other external duties owed by these individuals.

Board Practice

Morgan Stanley considers itself to be in compliance with all United States laws relating to corporate governance that are applicable to it.

The Board meets regularly and directors receive information between meetings about the activities of committees and developments in Morgan Stanley's business. All directors have full and timely access to all relevant information and may take independent professional advice if necessary.

The Corporate Governance Policies (including Morgan Stanley's standards of director independence), Code of Ethics and Business Conduct, Board committee charters and Management Committee Equity Ownership Commitment are available at Morgan Stanley's corporate governance webpage at the "Inside the Company" link under the "About Morgan Stanley" link at "<http://www.morganstanley.com/about/inside/governance>". The information contained on this webpage, shall not form part of this Base Prospectus, unless such information has been expressly incorporated herein by way of a supplement to this Base Prospectus.

The Board's standing committees include the following:

Committee	Current Members	Primary Responsibilities
Audit	<p>Charles H. Noski (Chair)</p> <p>Sir Howard J. Davies</p> <p>Donald T. Nicolaisen</p>	<p>Oversees the integrity of the Morgan Stanley's consolidated financial statements, system of internal controls, system of risk management and system of compliance with legal and regulatory requirements.</p> <p>Selects, determines the compensation of, evaluates and, when appropriate, replaces the independent auditor, and pre-approves audit and permitted non-audit services.</p> <p>Oversees the qualifications and independence of the independent auditor and performance of Morgan Stanley's internal and independent auditors.</p>
Compensation, Management, Development and Succession	<p>C. Robert Kidder (Chair)</p> <p>Erskine B. Bowles</p>	<p>Annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chairman and CEO and evaluates his performance in light of these goals and objectives.</p> <p>Determines the compensation of Morgan Stanley's executive officers and other appreciate officers.</p> <p>Administers Morgan Stanley's incentive and equity-based compensation plans.</p> <p>Oversees plans for management development and succession</p>
Nominating and Governance	<p>Dr. Laura D'Andrea Tyson (Chair)</p> <p>Roy J. Bostock</p> <p>Dr. Klaus Zumwinkel</p> <p>Hutham S Olayan</p>	<p>Identifies and recommends candidates for election to the Board.</p> <p>Establishes procedures for its oversight of the evaluation of the Board and management.</p> <p>Recommends director compensation and benefits.</p>

Committee	Current Members	Primary Responsibilities
		<p>Reviews annually Morgan Stanley's corporate governance policies.</p> <p>Assists in monitoring Morgan Stanley's compliance with legal and regulatory requirements.</p>

Employees

As at 30 November 2005, Morgan Stanley had 53,218 employees worldwide.

Major Shareholders

Under SEC regulations applicable to the Issuer, the relevant threshold for disclosure obligation concerning participation interests in listed companies is 5 per cent. of share capital. Therefore, this is the only information available to the public.

The Issuer does not have information about shareholders with participation interests between 2 per cent. and 5 per cent. According to the most recent SEC filings, as at 14 February 2005, the following shareholders owned more than 5 per cent. of Morgan Stanley's common stock:

Name and Address	Shares of Common Stock Beneficially Owned	
	Number	per cent. ⁽¹⁾
225 State Street Bank and Trust Company ⁽²⁾ Franklin Street, Boston MA 02110	88,782,390	8.3%
Barclays Global Investors, N.A., and other reporting entities ⁽³⁾ 45 Fremont Street, San Francisco, CA 94105	64,581,639	6.0%

⁽¹⁾ Percentages calculated based upon common stock outstanding as of February 3, 2006 and holdings of common stock set forth in the Schedule 13G Information Statements described in notes 2-3 below. These Information Statements state that State Street and Barclays beneficially owned 8.4% and 6.1%, respectively, of Morgan Stanley's common stock on December 31, 2005.

⁽²⁾ Based on Schedule 13G Information Statement filed February 4, 2006 by State Street, acting in various fiduciary capacities. The Schedule 13G discloses that State Street had sole voting power as to 29,244,065 shares, shared voting power as to 59,538,325 shares, sole dispositive power as to no shares and shared dispositive power as to 88,782,390 shares; that shares held by State Street on behalf of the Trust and Company-sponsored equity-based compensation program amounted to 5.65% of the common stock as of December 31, 2005; and that State Street disclaimed beneficial ownership of all shares reported therein.

⁽³⁾ Based on a Schedule 13G Information Statement filed January 26, 2006 by Barclays Global Investors, N.A., Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Trust and Banking Company Limited. In the Schedule 13G, the reporting entities do not affirm the existence of a group. The Schedule 13G discloses that the reporting entities, taken as a whole, had sole voting and sole dispositive power as to 56,379,426 shares and 64,581,639 shares, respectively, and did not have shared power as to any shares.

Accordingly, there is no entity owning or controlling, either directly or indirectly, Morgan Stanley.

Share Capital

The authorised share capital of Morgan Stanley at 30 November 2005 comprised 3,500,000,000 ordinary shares of nominal value U.S.\$0.01 and 30,000,000 preferred stock of nominal value U.S.\$0.01.

The issued, non-assessable and fully paid up share capital of Morgan Stanley at 30 November 2005 comprised 1,211,701,552 ordinary shares of nominal value U.S.\$0.01.

Since 30 November 2005 there have been no material changes in relation to the shares issued, except the issue of 31,928,225 shares issued with respect to fiscal 2005 year end equity awards which were granted to employees in December 2005.

Certificate of Incorporation

Morgan Stanley's objects and purposes are set out on page 1 of its Certificate of Incorporation and enable it to engage in any lawful act or activity for which corporations may be organised and incorporated under the DGCL.

Selected Financial Information

The Selected Financial Information relevant for this Base Prospectus has been incorporated by reference into this Base Prospectus as set out under "Incorporation by Reference".

Financial Information

Financial information relating to Morgan Stanley is contained in the forms 10-K of Morgan Stanley for the fiscal years ended 30 November 2005 and 30 November 2004, respectively, forms 8-K dated 12 October 2005 and 22 March 2006 and the proxy statement dated 24 February 2005 which are incorporated by reference into this Base Prospectus, as set out in "Incorporation by Reference" (the "**Financial Information**").

Auditing of Historical Financial Information

The Auditors have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) (i) the consolidated statements of financial condition of Morgan Stanley as of 30 November 2005 and 2004 and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of three years in the period ended 30 November 2005; (ii) the related financial statement schedule included in Schedule I and (iii) management's report of the effectiveness of internal control over financial reporting, each included in Morgan Stanley's Annual Report on Form 10-K for the year ended November 2005.

Legal and Arbitration Proceedings

Except for the legal proceedings referred to under Part I. Item 3. "Legal Proceedings" in Morgan Stanley's Annual Report on Form 10-K for the year ended 30 November 2005 (pages 24-29), which is incorporated by reference into this Base Prospectus, as set out under "Incorporation by Reference", there are no, nor have there been any, legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which Morgan Stanley is aware during the 12 month period before the date of this Base Prospectus) involving Morgan Stanley or any of its consolidated subsidiaries which may have or have had in the recent past, a significant effect on Morgan Stanley's consolidated financial position or profitability. Morgan Stanley's Annual Report on Form 10-K for the year ended 30 November 2005, has been deposited with the Irish Stock Exchange pursuant to Article 11 of the Prospectus Directive and its relevant implementing measures in connection with the approval of the Base Prospectus.

SECTION 3: THE ISSUER

THE ISSUER

History and Development

Morgan Stanley B.V. was incorporated as a private company with limited liability under the laws of The Netherlands on 6 September 2001 for an unlimited duration. The Issuer is registered at the commercial register of the Chamber of Commerce and Industries for Amsterdam under number 34161590. It has its corporate seat at Amsterdam and its offices are located at Locatellikade 1, 1076 AZ Amsterdam. Telephone number +31 20 57 55 600.

Legislation

The Issuer is incorporated under, and subject to, the laws of The Netherlands.

Investments

All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies.

Principal Activities

The Issuer's objects are, inter alia, to issue notes, warrants and other securities.

Principal Markets

The Issuer conducts its business from the Netherlands. All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies. The Issuer does not undertake such business on a competitive basis, however as a member of the Morgan Stanley group it is indirectly affected by some of the competitive pressures that apply to Morgan Stanley. See "Morgan Stanley" above for further details.

Organisational Structure

The Issuer has no subsidiaries. It is ultimately controlled by Morgan Stanley.

Trend Information

The Issuer intends to continue issuing securities and entering hedges in respect of such issues of securities.

Management

The current directors of the Issuer, their offices, if any, within the Issuer, and their principal outside activity, if any, are listed below. The business address of each director is Locatellikade 1, 1076 AZ Amsterdam, The Netherlands.

<i>Name</i>	<i>Title</i>	<i>Principal Outside Activity</i>
C.E.C. Hood	Managing Director	Executive Director, Morgan Stanley
M.B. Burgess	Managing Director	Vice President, Finance, Morgan Stanley
G.C. De Boer	Managing Director	Executive Director and Sales Director, Morgan Stanley Investment

Management

TMF Management B.V. Managing Director

Directors of TMF Management B.V.

F.A.J. van Oers	Managing Director	Employee of TMF Nederland B.V.
R.A. Rijntjes	Managing Director	Employee of TMF Nederland B.V.
M.C. van der Sluijs-Plantz	Managing Director	Employee of TMF Nederland B.V.
J.R. de Vos van Steenwijk	Managing Director	Employee of TMF Nederland B.V.
R.A.M. van de Voort	Managing Director	Employee of TMF Nederland B.V.

Save for the interests referred to above under the heading “Management”, the Issuer is not aware of any existing or potential conflicts of interest between any duties owed to the Issuer by its management (as described above) and the private interests and/or other external duties owed by these individuals.

Board Practice

The Issuer considers itself to be in compliance with all Dutch laws relating to corporate governance that are applicable to it.

As of the date of this Registration Document, the Issuer does not have an audit committee.

Major Shareholders

The Issuer is ultimately controlled by Morgan Stanley. The Issuer is not aware of any control measures with respect to such shareholder control. All decisions to issue securities are taken by the Board and the Issuer earns a spread on all its issues of securities.

Share Capital

The authorised share capital of the Issuer comprises 900 ordinary shares of nominal value EUR100.

The issued, allotted and fully paid up share capital of the Issuer comprises 180 ordinary shares of nominal value EUR100.

Articles of Association

The Issuer’s objects and purposes are set out in its Articles of Association and enable it to issue, sell, purchase, transfer and accept warrants, derivatives, certificates, debt securities, equity securities and/or similar securities or instruments and to enter into hedging arrangements in connection with such securities and instruments. Furthermore its objects are to finance businesses and companies, to borrow, to lend and to raise funds as well as to enter into agreements in connection with the aforementioned, to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties and to trade in currencies, securities and items of property in general.

Selected Financial Information

The net revenue for the financial years ended November 2004 and 2003 was EUR3,638,000 and EUR911,000 respectively, representing issuance fees received on the issuance of financial instruments

less guarantee fees payable. The profit before tax for the financial years ended 2004 and 2003 was EUR3,660,000 and EUR932,000 respectively. The net loss for the 6 months ended 31 May 2005, after tax, was EUR1,217,000. During the period, no dividends were paid. The loss will be carried to reserves.

The current assets of the Issuer rose from EUR39,661,000 in 2003 to EUR417,531,000 in 2004 with a total amount owing to creditors rising from EUR38,716,000 to EUR414,189,000 in 2004. The principle reason for the increase in debt was an increase in client demand for financial instruments. The current assets of the Issuer for the 6 months ended 31 May 2005, after tax, was EUR2,178,212,000 with total amounts owing to creditors by the end of this period totalling EUR1,163,077,000.

SECTION 4: GENERAL INFORMATION

GENERAL INFORMATION

For so long as this Registration Document remains in effect or any securities issued by the Issuer remain outstanding, the following documents will be available from the date hereof in physical or electronic form, during usual business hours on any week day, for inspection at the offices of Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London EC2N 2DB being the Fiscal Agent, Deutsche Bank Trust Company Americas, 27th Floor, 60 Wall Street, New York, New York 10005 being the Registrar and Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland being the Irish Paying Agent and also at the principal executive offices of Morgan Stanley and the registered offices of the Issuer:

- (i) the Deed of Incorporation of the Issuer;
- (ii) the Certificate of Incorporation and Amended and Restated By-laws of Morgan Stanley;
- (iii) all reports, letters and other documents, historical financial information, valuations and statements by any expert any part of which is included or referred to herein;
- (iv) the audited accounts of the Issuer for the financial years ended 30 November 2005 and 30 November 2004;
- (v) the unaudited interim accounts of the Issuer for the 6 month period ended 31 May 2005 together with unaudited update dated 6 February 2006; and
- (vi) a copy of this Registration Document and any document incorporated by reference herein.

Any statement contained in this Registration Document or in a document incorporated or deemed to be incorporated by reference in this Registration Document will be deemed to be modified or superseded for purposes of this Registration Document, to the extent that a statement contained in this Registration Document or in any subsequently filed document that also is or is deemed to be incorporated by reference in this Registration Document and in respect of which a supplement to this Registration Document has been prepared modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Registration Document.

Morgan Stanley

Except for the legal proceedings referred to under Part I. Item 1. "Legal Proceedings" in Morgan Stanley's Annual Report on Form 10-K for the year ended 30 November 2005 (pages 24-29) there are no, nor have there been any, legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which Morgan Stanley is aware during the 12 month period before the date of this Registration Document) involving Morgan Stanley or any of its consolidated subsidiaries which may have or have had in the recent past, a significant effect on Morgan Stanley's consolidated financial position or profitability.

Other than as disclosed in the Incorporated Information, there has been no significant change in the financial or trading position and there has been no adverse change in the prospects of Morgan Stanley and its consolidated subsidiaries since 30 November 2005.

Deloitte & Touche LLP, an independent registered public accounting firm of Two World Financial Center, New York, NY 10281, USA have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) (i) the consolidated statements of financial condition of Morgan Stanley as of 30 November 2005 and 2004 and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of three years

in the period ended 30 November 2005; (ii) the related financial statement schedule included in Schedule I and (iii) management's report of the effectiveness of internal control over financial reporting, each included in Morgan Stanley's Annual Report on Form 10-K for the year ended November 2005.

The Issuer

There are no, nor have there been any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 month period before the date of this Registration Document, involving the Issuer which may have or have had in the recent past, a significant effect on the financial position or profitability of the Issuer.

Other than as disclosed in the Issuer's unaudited interim financial statements for the 6 month period ended 31 May 2005 together with an updated dated 6 February 2006, there has been no significant change in the financial or trading position, nor any material adverse change in the prospects, of the Issuer since 31 May 2005.

Deloitte Accountants B.V., independent auditors and certified public accountants of Orlyplein 10, 1043 DP Amsterdam, The Netherlands, have audited the financial statements of the Issuer for the years ended 30 November 2002, 30 November 2003 and 30 November 2004 and an unqualified opinion has been reported thereon.

The Issuer has published interim financial statements for the 6 month period ended 31 May 2005 together with an updated dated 6 February 2006. These interim financial statements and update have not been audited.

Annex 1

**The Issuer's Interim Report
for the 6 months ended 31 May 2005 together with update dated 6 February 2006**

Morgan Stanley B.V.

Amsterdam

Interim report and Accounts

31 May 2005

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MORGAN STANLEY B.V.

DIRECTORS' REPORT **Period ended 31 May 2005**

The Directors present their report and interim accounts for the 6 months ended 31 May 2005.

RESULTS AND DIVIDENDS

The loss for the 6 months ended 31 May 2005, after tax, was EUR 1,217,000 (6 months ended 31 May 2004: profit of EUR 337,587). During the period, no dividends were paid (6 months ended 31 May 2004: Nil). The loss of EUR 1,217,000 (6 months ended 31 May 2004: profit of EUR 337,587) will be carried to reserves.

According to Article 21 of the Articles of Association, the allocation of profits earned in a financial year shall be determined by the General Meeting.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of Morgan Stanley B.V. (the "Company") is the issuance of financial instruments and the hedging of the obligations arising pursuant to such issuances.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley which, together with the Company and its other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

The profit and loss account for the period is set out on page 2. Both the level of business during the period and the financial position at the end of the period were satisfactory. No significant change in the Company's principal business activity is expected.

DIRECTORS

The following Directors held office throughout the period (except where otherwise shown):

M.B. Burgess
G.C. De Boer
B. Hu (resigned 17 March 2005)
C.E.C. Hood (appointed 17 March 2005)
TMF Management B.V.

DIRECTORS' INTERESTS

The Directors had no disclosable interests in the share and loan capital of any Group company at the beginning of the period, at the date of their appointment during the period, or at the end of the period.

AUDITORS

Deloitte Accountants B.V. have expressed their willingness to continue in office as auditors of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board on

Directors

MORGAN STANLEY B.V.

PROFIT AND LOSS

Period Ended 31 May 2005

	Note	6 months to 31 May 2005 EUR'000	6 months to 31 May 2004 EUR'000
NET REVENUE	2	<u>(1,860)</u>	<u>494</u>
OPERATING (LOSS)/PROFIT		(1,860)	494
Other interest receivable and similar income	4	<u>77</u>	<u>21</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,783)	515
Tax on profit on ordinary activities	5	<u>566</u>	<u>(178)</u>
(LOSS)/PROFIT RETAINED FOR THE INTERIM PERIOD		<u>(1,217)</u>	<u>337</u>

All operations were continuing in the current and prior period.

There were no recognised gains or losses during the current period or prior period other than those disclosed above. Accordingly no statement of total recognised gains and losses has been prepared.

A reconciliation of the movement in shareholders' funds has been prepared in note 11 to the accounts.

The notes on page 5 to 10 form an integral part of the accounts.

MORGAN STANLEY B.V.

BALANCE SHEET

31 May 2005

(Including proposed appropriation of net result)

	Note	31 May 2005 EUR'000	31 May 2004 EUR'000
CURRENT ASSETS			
Financial instruments	9	2,168,255	262,949
Debtors	6	9,942	2,218
Cash at bank		15	15
		<u>2,178,212</u>	<u>265,182</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Financial instruments	9	1,007,303	222,534
Other creditors	7	7,832	947
		<u>1,015,135</u>	<u>223,481</u>
NET CURRENT ASSETS		<u>1,163,077</u>	<u>41,701</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	1,160,952	40,419
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,125</u>	<u>1,282</u>
CAPITAL AND RESERVES			
Called up share capital	10	18	18
Profit and loss account	11	2,107	1,264
EQUITY SHAREHOLDERS' FUNDS	11	<u>2,125</u>	<u>1,282</u>

These accounts were approved by the Board on

Signed on behalf of the Board

Director

The notes on pages 5 to 10 form an integral part of the accounts.

CASH FLOW STATEMENT

Period ended 31 May 2005

	6 Months to 31 May 2005 EUR'000	6 Months to 31 May 2004 EUR'000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating (loss)/profit	(1,860)	494
(Increase)/decrease in financial instruments	-	3
(Increase)/decrease in debtors	(5,543)	(523)
Increase/(decrease) in creditors	6,837	204
Net Cash (Outflow)/Inflow From Operating Activities	(566)	178

CASHFLOW STATEMENT

Net cash (outflow)/inflow from operating activities	(566)	178
Taxation	566	(178)
Net cash movement	-	-

NOTES TO THE ACCOUNTS

Period ended 31 May 2005

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention, modified by the inclusion of financial instruments at fair value, as described in note 1(d) below, and in accordance with applicable United Kingdom accounting standards as permitted by Article 362.1 of Title 9 of Book 2 of the Netherlands Civil Code on the basis of the Company's international connections.

b) Functional currency

The accounts are prepared in Euros, the currency of the primary economic environment in which the Company operates.

c) Foreign currencies

All monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the balance sheet date. Transactions in currencies other than Euros are recorded at the rates ruling at the dates of the transactions. All translation differences are taken through the profit and loss account.

d) Financial Instruments

Financial instruments, including cash and derivative products, used in the Company's trading activities are recorded on trade date and are recorded at fair value. Subsequent changes in fair value are reflected in net revenue in the profit and loss account. Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The price transparency of a particular product will determine the degree of judgment involved in determining the fair value of the financial instrument. Price transparency is affected by a wide range of factors, including, for example, the type of product, whether it is a new product and not yet established in the marketplace and the characteristics particular to the transaction. Products for which actively quoted prices or pricing parameters are available or for which fair value is derived from actively quoted prices or pricing parameters will generally have a higher degree of price transparency. By contrast, products that are thinly traded or not quoted will generally have little or no price transparency.

A substantial percentage of the fair value of the Company's financial instruments is based on observable market prices or observable market parameters, or is derived directly from such prices or parameters. The availability of observable market prices and pricing parameters can vary from product to product. Where available, observable market prices and pricing parameters in a product (or a related product) may be used to derive a price without requiring significant judgment. In certain markets, observable market prices or market parameters are not available for all products and fair value is determined using techniques appropriate for each particular product. These techniques involve some degree of judgment.

The fair value of over-the-counter ("OTC") derivative contracts is derived primarily from pricing models, which may require multiple market input parameters. Where appropriate, valuation adjustments are made to account for credit quality and market liquidity. These adjustments are applied on a consistent basis and are based upon observable market data where available. The Company also uses pricing models to manage the risks introduced by these transactions. The term "model" typically refers to a mathematical calculation methodology based on accepted financial theories. Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modelled using a series of techniques, including closed form analytic formulae, such as the Black-Scholes option pricing model, simulation models, or a combination thereof, applied consistently. In the case of more established derivative products, the pricing models used by the Company are in line with those widely accepted by the financial services industry. Pricing models take into account the contract terms, including the maturity, as well as quoted market parameters such as interest rates, volatility and the creditworthiness of the counterparty.

It is the policy and objective of the Company not to be exposed to market, interest rate or currency risk. On the issuance of each financial instrument, the Company hedges its obligations by purchasing financial instruments, including derivative contracts. All assets and liabilities are held in the trading book of the Company.

NOTES TO THE ACCOUNTS

Period ended 31 May 2005

e) Netting

All assets and liabilities have been disclosed gross unless the Company's ability to insist on net settlement is assured beyond doubt.

2. NET REVENUE

Net revenue represents net trading income relating to the issuance of financial instruments including issuance fees receivable less guarantee fees payable in the period and is recorded on a trade date basis.

During the period transfer pricing agreements governing this arrangement were revised. This resulted in a current year adjustment to revenues previously booked in the period ended 31 May 2004 of EUR 2,883,581.

3. STAFF COSTS

The Company employed no staff during the period (2004: Nil).

The Directors did not receive any remuneration for their qualifying services to the Company during the period (6 months ended 31 May 2004: €nil).

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	6 Months to 31 May 2005 EUR '000	6 Months to 31 May 2004 EUR '000
Interest receivable from Group undertakings	<u>77</u>	<u>21</u>

Interest receivable excludes trading interest, which is included in net revenue since it is an integral component of the Company's net trading income.

NOTES TO THE ACCOUNTS

Period ended 31 May 2005

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of credit in the year

	6 Months to 31 May 2005 EUR'000	6 Months to 31 May 2004 EUR'000
Dutch Corporation Income Tax at 31.75% (2004: – 34.5%)		
- Current year	<u>(566)</u>	<u>178</u>

The current year Dutch taxation charge is equal to that resulting from applying the standard Dutch corporation income tax rate of 31.75% (2004: 34.5%).

6. DEBTORS

	2005 EUR '000	2004 EUR '000
Amounts due from Group undertakings	9,688	2,218
Corporation tax	<u>254</u>	<u>-</u>
	<u>9,942</u>	<u>2,218</u>

7. OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 EUR'000	2004 EUR'000
Amounts owing to Group undertakings	7,832	283
Corporation tax	<u>-</u>	<u>664</u>
	<u>7,832</u>	<u>947</u>

8. NETTING

Under the terms of a netting agreement between an affiliated entity, Morgan Stanley & Co International Limited (“MSIL”) and the Company, amounts due to MSIL under financial instruments issued by the company have been set off against the amounts due under the corresponding financial instruments purchased from MSIL as follows:

	2005 EUR'000	2004 EUR'000
Financial instruments	3,052,907	3,489,181
Financial instruments issued	<u>(3,052,907)</u>	<u>(3,489,181)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Period ended 31 May 2005

9. FINANCIAL INSTRUMENTS

INTEREST RATE RISK AND MATURITY PROFILE

The following table analyses the assets and liabilities of the Company as at 31 May 2005 in time bands according to the next interest rate pricing date or the maturity date:

	In less than one year	In more than one year but not more than two years	More than two years but less than five years	More than five years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2005					
Financial instruments	1,007,303	1,159,875	1,077	-	2,168,255
Financial instruments issued	(1,007,303)	(1,159,875)	(1,077)	-	(2,168,255)
As at 31 May 2005	-	-	-	-	-
	In less than one year	In more than one year but not more than two years	More than two years but less than five years	More than five years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2004					
Financial instruments	222,530	-	-	40,419	262,949
Financial instruments issued	(222,534)	-	-	(40,419)	(262,953)
As at 31 May 2004	(4)	-	-	-	(4)

The above analysis and the fair value analysis set out below exclude amounts due from group undertakings of EUR 9,688,000 (2004: EUR 2,218,000), corporation tax of EUR 254,000 (2004: nil), due to group undertakings of EUR 7,832,000 (2004: EUR 283,000), cash at bank of EUR 15,000 (2004: EUR 15,000) and corporation tax of EUR nil (2004: EUR 664,000).

The coupon payable on the financial instruments issued is zero and is identical in risk profile to the interest receivable on the financial instruments used to hedge these instruments.

NOTES TO THE ACCOUNTS

Period ended 31 May 2005

CURRENCY RISK PROFILE

The company's functional currency is the Euro. It is the policy of the Company not to be exposed to foreign exchange rate risk. All foreign exchange risk is hedged into Euros.

FAIR VALUE

	2005 EUR'000	2004 EUR'000
Financial instruments	2,168,255	262,949
Financial instruments issued	<u>(2,168,255)</u>	<u>(262,953)</u>
	<u>-</u>	<u>(4)</u>

The fair value of the financial instruments, which is equal to the balance sheet value, is determined using an appropriate option pricing model (as described in the 'Financial Instruments' note, page 5).

10. CALLED UP SHARE CAPITAL

	2005 Number	2004 Number
Authorised:		
Equity shares		
900 ordinary shares of EUR 100 each	<u>900</u>	<u>900</u>
	2005 EUR'000	2004 EUR'000
Allotted and fully paid:		
Equity shares		
180 ordinary shares of EUR 100 each	<u>18</u>	<u>18</u>

All ordinary shares are recorded at the rates of exchange ruling at the date the shares were paid up.

NOTES TO THE ACCOUNTS**Period ended 31 May 2005****11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Called up share capital EUR'000	Profit and loss account EUR'000	Total EUR'000
At 1 December 2003	18	927	945
Profit for the period	-	337	337
At 1 June 2004	18	1,264	1,282
At 1 December 2004	18	3,324	3,342
Profit for the period	-	(1,217)	(1,217)
At 1 June 2005	18	2,107	2,125

12. COMMITMENTS AND CONTINGENCIES

As at 31 May 2005, the right, title and interest of the issuer in financial instruments with a value of EUR 2,168,255,000 (2004: EUR 262,953,000) had been assigned absolutely by way of security to and in favour of an affiliated entity, Bank Morgan Stanley A.G. under the terms of a security assignment agreement.

13. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirement to disclose transactions with fellow Group undertakings under paragraph 3(c) of FRS 8 *Related Party Disclosures*. There were no other related party transactions requiring disclosure.

14. PARENT UNDERTAKINGS

The ultimate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group accounts are prepared is Morgan Stanley. Morgan Stanley is incorporated in Delaware, the United States of America and copies of its accounts can be obtained from 25 Cabot Square, Canary Wharf, London E14 4QA or Locatellikade 1, 1067 AZ Amsterdam.

London,
Directors

ADDITIONAL INFORMATION

Statutory rules concerning appropriation of the net result

The Articles of Incorporation of the Company provide that the net result for the interim period is at the disposition of the Annual General Meeting of Shareholders.

Appropriation of the net result for the period

Awaiting the decision by the shareholder, the net result for the period ended 31 May 2005 is separately included in the shareholder's equity as profit retained for the period.

Subsequent events

No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustment of disclosure in the interim report now presented.

Morgan Stanley BV
6th February 2006

Directors Briefing Note

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- 1.0 31 May 2005 Interim Accounts incorporating Cashflow Statement**
 - 1.1 Overview of the requirement for interim accounts**
 - 1.2 Interim Profit & Loss Account**
 - 1.3 Interim Balance Sheet**
 - 1.4 Interim Cashflow Statement**

Morgan Stanley BV
6th February 2006

Directors Briefing Note

1. 2005 Unaudited Interim Statutory Accounts to 31 May 2005

1.1. Overview

Morgan Stanley BV (MS BV) is a wholly owned subsidiary of Morgan Stanley International Holdings Inc (Entity 4140).

This entity was established so that Morgan Stanley had an EU-based SPV as issuer for the proposed pan-European retail warrants and certificates business and now issues Delta 1 certificates.

The company's interim financial statements have been prepared under Dutch company law, using UK generally accepted accounting standards as permitted under Article 362.1 of Dutch company law.

The interim accounts have been prepared for the 6 months ended 31 May 2005 and have been reviewed by Legal, Controllers, tax and APG and all parties have given their approval for the accounts to be signed. No issues have resulted from the various reviews that have not been reflected in the interim financial statements.

Due to the introduction of a new EU Directive governing the prospectus filing rules, MS BV (as an issuance vehicle) has had to produce 2005 interim accounts to ensure the entity maintains its required listings on the various exchanges. The EU Directive became part of national law on 1st July 2005 requiring that the financial statements of vehicles issuing 'listed' securities be available for inclusion in early/late prospectus filings containing information no more than 9 months old from the latest available set of accounts. As the latest set of signed financial statements relates to the year ended 30 November 2004, the information listed in current prospectuses is now more than 9 months old. Moreover, we have been advised by legal of a new programme about to be set up on the Dublin exchange and hence now require these interim financial statements for inclusion in the new prospectus. In addition to this, the directive also requires a cashflow statement to be disclosed alongside the P&L and Balance Sheet. Accordingly, a cashflow statement for the 6 months ending 31 May 2005 has been prepared with comparatives.

Morgan Stanley BV
6th February 2006

Directors Briefing Note

1.2 Profit and Loss

	6 Months ended 31 May 2005 EUR'000	6 Months ended 31 May 2004 EUR'000
Net Revenue	<u>(1,860)</u>	<u>494</u>
Operating (Loss)/Profit	(1,860)	494
Other interest receivable and similar income	<u>77</u>	<u>21</u>
Profit on Ordinary Activities	(1,783)	515
Taxation	<u>566</u>	<u>(178)</u>
Profit Retained for the Year	<u>(1,217)</u>	<u>337</u>

2005 Net Revenue represents the transfer pricing fees between MS BV and MSIL. The transfer pricing agreement between the two entities previously required MS BV to charge MSIL 25 basis points for every issuance MS BV made on MSIL's behalf. This agreement was reviewed by Tax controllers in August 2005 and changed to 15 basis points being applied to issuances on a pro-rata basis dependant on the length of time each individual cusip is in issuance for. This revision gives a more accurate and meaningful transfer pricing figure. An adjustment has also been put through in the current year to take account of an overstatement of transfer pricing last year under the old agreement. The adjustment made was a reduction in current year net revenue of €2,883,581. We have received confirmation from Deloitte & Touche LLP that this revision in policy does not constitute a prior year restatement of comparatives for the interim financial statements or the annual statutory accounts due to be filed in May 2006.

Interest receivable relates to interest earned on the intercompany balance with MSIL (0302).

The Dutch corporation tax rate applied is 34.5% in 2004 and 31.75% in 2005.

Morgan Stanley BV
6th February 2006

Directors Briefing Note

1.3 Balance Sheet

	31 May 2005 EUR'000	31 May 2004 EUR'000
Current Assets		
Financial instruments	2,168,255	262,949
Amounts due from Group Undertakings	9,688	2,218
Dutch Corporation Income Tax	254	-
Cash at bank	15	15
	<u>2,178,212</u>	<u>265,182</u>
Liabilities		
Financial instruments	(2,168,255)	(262,953)
Amounts owing to Group Undertakings	(7,832)	(283)
Dutch Corporation Income Tax	-	(664)
	<u>(2,176,087)</u>	<u>(263,900)</u>
	<u>2,125</u>	<u>1,282</u>
Capital and Reserves		
Called up share capital	18	18
Profit and loss account	2,107	1,264
	<u>2,125</u>	<u>1,282</u>

Financial Instruments

All financial instrument amounts are shown gross on the balance sheet and as issuances are equal to options, the entity is perfectly hedged and is risk flat at a market level.

The principal reason for the increase in issuances is due to increases in financing products trading. The entity was originally established to issue European retail warrants only, but this year is mainly issuing Delta One Certificates.

- Current Assets - this is the long market value where MSIL has sold OTC options to the BV to hedge the warrants issued. This long market value shows the receivable from MSIL where the OTC options might be exercised.
- Current Liabilities - Financial instruments issued (outside of the MS Group – i.e. to the street) – this is the SMV of warrants issued to MSIL, this amount shows how much is payable to MSIL if the warrants are exercised.

Debtors

The debtors figure is composed of amounts due from Group Undertakings, primarily representing the 15 basis points (calculated on issuance value) receivable from MSIL for each issuance compared to the 25 basis points applied in 2004.

Due to the revision of the transfer pricing policy this year and the prior year adjustment against 2005 revenue, MS BV is now in a receivable position with regards to Dutch Corporation Income Tax hence the €254M Tax debtor in 2005 compared to nil last year.

Morgan Stanley BV
6th February 2006

Directors Briefing Note

Creditors

The Payable to Group Undertaking represents a payable to MSIL (0302) of €7,575M and €257M due to the MS Zurich (0390). The payable balance due to MS Zurich will be settled over the next few months. The Dutch Corporation Income Tax creditor in 2004 represented the tax charge for the year, less payments on account already made for 2004.

Morgan Stanley BV
6th February 2006

Directors Briefing Note

1.4 Cashflow Statement

	6 Months ended 31 May 2005 €000	6 Months ended 31 May 2004 €000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating (loss)/profit	(1,860)	494
Decrease/(increase) in financial instruments	-	3
Decrease/(increase) in debtors	(5,543)	(523)
Decrease/(increase) in creditors	6,837	204
Net Cash (Outflow)/Inflow From Operating Activities	(566)	178

CASHFLOW STATEMENT

Net cash (outflow)/inflow from operating activities	(566)	178
Taxation	566	(178)
Net cash movement	-	-

2 Post Interim Accounts Activity

Nothing significant to note

PART C: SECURITIES NOTE

MORGAN STANLEY B.V.

as issuer

(incorporated with limited liability in The Netherlands)

Morgan Stanley

as guarantor

(incorporated under

the laws of the State of Delaware in the United States of America)

Up to U.S.\$10,000,000,000
Program for the
Issuance of Notes and Certificates

This Securities Note (“**Securities Note**”), as amended or supplemented, constitutes Part C of a Base Prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and should be read and construed in accordance with the summary dated 7 April 2006 (the “**Summary**”) and the registration document dated 7 April 2006 (the “**Registration Document**”). Any Notes (as defined below) issued under the Program on or after the date of this Securities Note are issued subject to the provisions described herein. This does not affect any Notes already in issue.

This Part C has been prepared for the purpose of providing the disclosure information with regard to Morgan Stanley (“**Morgan Stanley**”), and Morgan Stanley B.V. (“**MSBV**”, the “**Issuer**”) required by Directive 2003/71/EC (the “**Prospectus Directive**”) to be included in the Securities Note element of the base prospectus (the “**Base Prospectus**”) of which this Part C forms part (the “**Securities Note**” which term means this Part C as amended or supplemented and includes all documents incorporated by reference herein).

The Final Terms applicable to a Series will specify whether or not Notes of such Series have been admitted to trading on the Irish Stock Exchange’s regulated market and/or admitted to listing, trading and/or quotation by any other stock exchange, listing authority and/or quotation system.

The payment of all amounts due in respect of Notes issued by the Issuer will, unless specified otherwise in the Final Terms to this Securities Note be unconditionally and irrevocably guaranteed by Morgan Stanley (the “**Guarantor**”) pursuant to a guarantee dated as of 7 April 2006.

The Issuer is offering the Notes on a continuing basis through Morgan Stanley & Co. International Limited and Morgan Stanley & Co. Incorporated (the “**Distribution Agents**”), who have agreed to use reasonable efforts to solicit offers to purchase the Notes. The Issuer may also sell Notes to the Distribution Agents as principal for their own accounts at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Notes they purchase as principal at prevailing market prices, or at other prices, as they determine. The Issuer or the Distribution Agents may reject any offer to purchase Notes, in whole or in part. See “Subscription and Sale and Transfer Restrictions” beginning on page 170.

The Notes will be governed by, and construed in accordance with, the laws of England and Wales.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 79.

THE NOTES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

None of the Issuer, Morgan Stanley & Co. International Limited or Morgan Stanley & Co. Incorporated, as Distribution Agents for the Notes, has or will take any action in any country or jurisdiction that would permit a public offering of the Notes or possession or distribution of any offering material in relation to a public offering in any country or jurisdiction where action for that purpose is required. Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Notes or has in the investor's possession or distributes this Securities Note or any accompanying Final Terms.

MORGAN STANLEY

7 April 2006.

Each of the Issuer and the Guarantor accepts responsibility for information contained in this Securities Note. To the best of the knowledge and belief of each of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Securities Note (including each document incorporated by reference herein) is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorized by the Issuer or the Guarantor to give any information or to make any representation not contained or incorporated by reference in the Securities Note or any other document entered into in relation to the Program, and, if given or made, that information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or any of the Distribution Agents. Neither the delivery of this Securities Note or any Final Terms nor the offering, sale or delivery of any Notes will, in any circumstances, create any implication that the information contained in the Securities Note is true subsequent to the date hereof or the date upon which the Securities Note has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or the Guarantor since the date hereof or, as the case may be, the date upon which the Securities Note has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into the Registration Document by reference, or that any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Distribution Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Program. Investors should review, *inter alia*, the most recent financial statements of the Issuer and the Guarantor when evaluating the Notes or an investment therein (such financial statements shall not form a part of this Securities Note unless they have been expressly incorporated herein by way of a supplement to this Securities Note).

The Distribution Agents have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Distribution Agents as to the accuracy or completeness of this Securities Note or any document incorporated by reference herein or any further information supplied in connection with any Notes. The Distribution Agents accept no liability in relation to this Securities Note or any document incorporated by reference herein or their distribution or with regard to any other information supplied by or on behalf of the Issuer.

The Issuer has confirmed to the Distribution Agents that this Securities Note (including each document incorporated by reference herein) is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Securities Note the omission of which would, in the context of the Program or the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Issuer has further confirmed to the Distribution Agents that this Securities Note (including each document incorporated by reference herein together with the relevant Final Terms) contains all such information as may be required by all applicable laws, rules and regulations.

The distribution of this Securities Note and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Securities Note or any Final Terms comes are required by the Issuer, the Guarantor and the Distribution Agents to inform themselves about and to observe any of those restrictions.

Neither this Securities Note nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Securities Note or any Final Terms and other offering material relating to the Notes, see “Subscription and Sale and Transfer Restrictions” beginning on page 170.

This Securities Note should be read and construed with any amendment or supplement hereto (this document, as amended or supplemented, the “Securities Note”), with the Summary, the Registration Document and with, in relation to any issue of Notes, the Final Terms (each the “Final Terms”) relating thereto and with all documents incorporated by reference herein.

Neither this Securities Note nor any Final Terms constitutes an offer of or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor or the Distribution Agents that any recipient of the Securities Note or any Final Terms should subscribe for or purchase any Notes. Each recipient of the Securities Note or any Final Terms will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and, where applicable, the Guarantor and of the particular terms of any offered Notes.

None of the Distribution Agents or any of their affiliates assumes any obligation to purchase any Notes or to make a market in the Notes, and no assurances can be given that a liquid market for the Notes will exist.

All references in this Securities Note to “Sterling” and “£” are to the lawful currency of the United Kingdom, all references to “U.S. dollars,” “U.S.\$” and “\$” are to the lawful currency of the United States of America, all references to “Japanese Yen” and “¥” are to the lawful currency of Japan, all references to “Australian dollars” and “AUD” are to the lawful currency of the Commonwealth of Australia, all references to “New Zealand dollars” and “NZD” are to the lawful currency of New Zealand, and all references to “euro”, “€” and “EUR” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended (the “Treaty”).

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND, WHERE APPLICABLE, THE GUARANTOR AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE NOTES HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

In connection with the issue of any Tranche (as defined in “Key Features of the Notes”), the Distribution Agents or any other agent specified for that purpose in the applicable Final Terms (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche to be admitted to trading on the regulated market of the Irish Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilization action. Any stabilization action may begin on or

after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

RISK FACTORS RELATING TO THE NOTES

The Issuer and the Guarantor disclaim any responsibility to advise prospective purchasers of any matters arising under the laws of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on the Notes. These persons should consult their own legal and financial advisors concerning these matters. This section describes generally the most significant risks of investing in Notes linked to the credit of one or more entities not affiliated with the Issuer or the Guarantor, to currency prices, to commodity prices or to single securities, baskets of securities or indices including Equity Linked Certificates issued pursuant to the Equity Linked Certificates Product Supplement set out herein. Each investor should carefully consider whether the Notes, as described herein and in the applicable Final Terms, are suited to its particular circumstances before deciding to purchase any Notes.

Prospective investors should read the entire Base Prospectus (and where appropriate the Final Terms). Words and expressions defined elsewhere in this Base Prospectus have the same meanings in this section. Prospective investors should consider, among other things, the following:

Notes linked to underlying credits, commodities, currencies, securities and/or indices

The Issuer may issue Notes with principal and/or interest determined by reference to the credit of one or more entities not affiliated with the Issuer or the Guarantor, to currency prices, commodity prices or to single securities, baskets of securities or indices or other assets or instruments (each, a “**Relevant Underlying**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) they may lose all or a substantial portion of their principal;
- (ii) the market price of such Notes may be very volatile;
- (iii) they may receive no interest;
- (iv) payment of principal or interest may occur at a different time or in a different currency than expected;
- (v) a Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Underlying is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Underlying on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations.

Notes Linked to the credit of specified entities not affiliated with Morgan Stanley or the Issuer or to currency prices, commodity prices, single securities, baskets of securities or indices are not ordinary debt securities

The terms of certain Credit-Linked Notes, Currency-Linked Notes, Commodity-Linked Notes and Equity Linked Notes differ from those of ordinary securities because such securities may not pay interest and at maturity may return less than the principal amount or nothing, or may return securities of an issuer that is not affiliated with Morgan Stanley or the Issuer, the value of which is less than the principal amount, depending on the performance of the underlying asset. Prospective investors who consider purchasing

such Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances.

Notes linked to the credit of one or more specified entities entail significant risks not associated with similar investments in conventional debt securities

Because the payment of principal and interest on Credit-Linked Notes is contingent on the credit of one or more specified entities and such specified entities' satisfaction of their present and future financial obligations, investors will take credit risk with respect to such specified entities in addition to credit risk with respect to the Issuer and, where applicable, the Guarantor. If one or more of such specified entities becomes bankrupt or subject to other insolvency procedures or fails to make payments on, repudiates or restructures any of the debt or other obligations described in the applicable Final Terms, a credit event may occur.

If a credit event occurs, the maturity of the Credit-Linked Notes will be accelerated. Upon acceleration of the Credit-Linked Notes, the investor will receive the deliverable obligations, or a cash amount calculated by reference to the value of the certain obligations, each as described in the applicable Final Terms instead of the principal amount of the Credit-Linked Notes and, if so provided in the applicable Final Terms, interest payments on the Credit-Linked Notes will cease. The market value of those deliverable obligations following a credit event will probably be significantly less than the principal amount of the Credit-Linked Notes. Such deliverable obligations may even be worthless. Thus, if a credit event occurs, the investor may lose all of its investment in the Credit-Linked Notes.

Several factors, many of which are beyond the Issuer's and, where applicable, the Guarantor's control will influence the value of the Credit-Linked Notes and the possibility of early acceleration, including: (i) the creditworthiness of the specified entity or entities underlying the Credit-Linked Notes, (ii) the Issuer's and, where applicable, the Guarantor's creditworthiness and (iii) economic, financial and political events that affect the markets in which such specified entity or entities and the Issuer and, where applicable, the Guarantor do business and the markets for the debt or other obligations of such specified entity or entities and of the Issuer and, where applicable, the Guarantor.

The value of notes linked to single securities, baskets of securities or indices may be influenced by unpredictable factors

The value of Equity-or Index-Linked Notes may be influenced by several factors beyond the Issuer's and, where applicable, the Guarantor's control, including: (i) the market price or value of the applicable underlying security, basket of securities or index, (ii) the volatility (frequency and magnitude of changes in price) of the underlying security, basket of securities or index, (iii) the dividend rate on any underlying securities, (iv) geopolitical conditions and economic, financial and political, regulatory or judicial events that affect stock markets generally and which may affect the market price of the underlying security, basket of securities or index, (v) interest and yield rates in the market, (vi) the time remaining to the maturity of such Equity-or Index-Linked Notes, and (vii) the Issuer's and, where applicable, the Guarantor's creditworthiness.

Some or all of these factors will influence the price investors will receive if an investor sells its Notes prior to maturity. For example, investors may have to sell certain Notes at a substantial discount from the principal amount if the market price or value of the applicable underlying security, basket of securities or index is at, below, or not sufficiently above the initial market price or value or if market interest rates rise.

No affiliation with underlying companies

The underlying issuer for any single security or basket security, the publisher of an underlying index, or any specified entity with respect to Credit-Linked Notes, will not be an affiliate of Morgan Stanley or the Issuer, unless otherwise specified in the applicable Final Terms. Morgan Stanley or its subsidiaries may

presently or from time to time engage in business with any underlying company, or any specified entity, including entering into loans with, or making equity investments in, the underlying company, or specified entity, or its affiliates or subsidiaries or providing investment advisory services to the underlying company, or specified entity, including merger and acquisition advisory services. Moreover, neither the Issuer nor the Guarantor has the ability to control or predict the actions of the underlying company, index publisher, or specified entity, including any actions, or reconstitution of index components, of the type that would require the determination agent to adjust the payout to the investor at maturity. No underlying company, index publisher, or specified entity, for any issuance of Notes is involved in the offering of the Notes in any way or has any obligation to consider the investor's interest as an owner of the Notes in taking any corporate actions that might affect the value of the Notes. None of the money an investor pays for the Notes will go to the underlying company, or specified entity, for such Notes.

Secondary trading of the notes may be limited

There may be little or no secondary market for the Notes. Although the Issuer may apply to have certain issuances of Notes admitted to trading on the Irish Stock Exchange or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system, approval for any listing is subject to meeting the relevant listing requirements. Even if there is a secondary market, it may not provide enough liquidity to allow the investor to sell or trade the Notes easily. Morgan Stanley & Co. International Limited currently intends to, and other affiliates of Morgan Stanley may from time to time, act as a market maker for the Notes, but they are not required to do so. If at any time Morgan Stanley & Co. International Limited and other affiliates of the Issuer were to cease acting as market makers, it is likely that there would be little or no secondary market for the Notes.

Investors have no shareholder rights

As an owner of Notes, investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying security or index.

Exchange rates and exchange controls may affect Notes' value or return

General exchange rate and exchange control risks. An investment in a Note denominated in, or the payment of which is linked to the value of, currencies other than the investor's home currency entails significant risks. These risks include the possibility of significant changes in rates of exchange between its home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities. These risks generally depend on economic and political events over which neither the Issuer nor the Guarantor has any control. Investors should consult their financial and legal advisors as to any specific risks entailed by an investment in Notes that are denominated or payable in, or the payment of which is linked to the value of, a currency other than the currency of the country in which such investor resides or in which such investor conducts its business, which is referred to as their home currency. Such Notes are not appropriate investments for investors who are not sophisticated in foreign currency transactions.

Exchange rates will affect the investor's investment. In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note. Depreciation against the investor's home currency or the currency in which a Note is payable would result in a decrease in the effective yield of the Note below its coupon rate and could result in an overall loss to an investor on the basis of the investor's home currency. In addition, depending on the specific terms of a Currency-Linked Note, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in the investor's loss of all or a substantial portion of the value of that Note.

Neither the Issuer nor the Guarantor has any control over exchange rates. Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes, or changes in interest rate to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect yields or payouts in the investor's home currency for (i) Notes denominated or payable in currencies other than U.S. dollars and (ii) Currency-Linked Notes.

The Issuer will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting any currency. The investor will bear those risks.

Some currencies may become unavailable. Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a Specified Currency (as defined herein). Even if there are no actual exchange controls, it is possible that the applicable currency for any security would not be available when payments on that security are due.

Alternative payment method used if payment currency becomes unavailable. If the applicable currency for any Note is not available because the euro has been substituted for that currency, the Issuer would make the payments in euro. Some Notes may specify a different form of payment if a non-U.S. payment currency is unavailable to the Issuer.

Currency exchange information will be provided in the Final Terms. The applicable Final Terms or supplementary securities note, where relevant, will include information with respect to any relevant exchange controls and any relevant historic exchange rate information for any Note. The investor should not assume that any historic information concerning currency exchange rates will be representative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

Currency exchange conversions may affect payments on some Notes

The applicable Final Terms may provide for (i) payments on a non-U.S. dollar denominated Note to be made in U.S. dollars or (ii) payments of principal of, and interest or supplemental amounts on, U.S. dollar denominated Notes to be made in a currency other than U.S. dollars. In these cases, Morgan Stanley & Co. International Limited, in its capacity as Exchange Rate Agent (the "**Exchange Rate Agent**"), or such other exchange rate agent identified in the applicable Final Terms, will convert the applicable currency into U.S. dollars or U.S. dollars into the applicable currency. The investor will bear the costs of the conversion through deductions from those payments.

Exchange Rates May Affect the Value of a Judgment Involving Non U.S. Dollar Notes

The Notes will be governed by, and construed in accordance with, the laws of England. Although an English court has the power to grant judgment in the currency in which a Note is denominated, it may decline to do so in its discretion. If judgment were granted in a currency other than that in which a Note is denominated, the investor will bear the relevant currency risk.

Potential conflicts of interest between the investor and the determination agent

As determination agent for Credit-Linked Notes, or Notes linked to single securities, baskets of securities or indices, commodities or other underlying instruments, assets or obligations, Morgan Stanley & Co. International Limited (“**MSIL**”) will determine the payout to the investor at maturity. MSIL and other affiliates may also carry out hedging activities related to any Credit-Linked Notes, or Notes linked to single securities, baskets of securities or indices, commodities or to other instruments, assets or obligations including trading in the underlying securities, indices or commodities as well as in other instruments related to the underlying securities, indices or commodities. MSIL and some of Morgan Stanley’s other subsidiaries may also trade the applicable underlying securities, indices or commodities and other financial instruments related to the underlying securities, indices or commodities on a regular basis as part of their general broker-dealer and other businesses. Any of these activities could influence MSIL’s determination of adjustments made to any Credit-Linked Notes, or Notes linked to single securities, baskets of securities or indices, commodities or other underlying instruments, assets or obligations and any such trading activity could potentially affect the price of the underlying securities, indices, commodities or other underlying instruments, assets or obligations and, accordingly, could affect the investor’s payout on any Notes.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer’s option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, an optional redemption feature in any particular Tranche of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Because the Global Notes (as defined below) may be held by or on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Global Note Certificates (as defined below) may be registered in the name of a nominee for the Depositary Trust Company (“DTC”), investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Bearer Notes issued under the Program may be represented by one or more temporary global notes (each, a **“Temporary Global Note”**) or permanent global notes (each, a **“Permanent Global Note”** and, together with a Temporary Global Note, the **“Global Notes”**). Such Global Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

Registered Notes issued under the Program will be represented by a global note certificate (a **“Global Note Certificate”**) which will be registered in the name of a nominee for DTC and will be deposited with a DTC custodian. Interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg. Individual Note Certificates evidencing holdings of Registered Notes will only be available in certain limited circumstances.

While the Notes are represented by one or more Global Notes or Global Note Certificates, as the case may be, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or the custodian for DTC, respectively, for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg or DTC, as the case may be, to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Note Certificates, as the case may be.

Holders of beneficial interests in the Global Notes or Global Note Certificates, as the case may be, will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies.

Modification and waiver

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Securities Note. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice in England after the date of this Securities Note.

Risk factors specific to Notes issued where the Equity Linked Certificates Product Supplement is applicable

This section describes certain significant risks relating to Notes issued where the Equity Linked Certificates Product Supplement is applicable. Payments on Notes issued where the Equity Linked

Certificates Product Supplement is applicable (“**Equity Linked Certificates**”) are not secured. Accordingly holders of Equity Linked Certificates (“**Equity Linked Certificateholders**”) are exposed to the credit risk of the Issuer. The amount payable at maturity is linked to the future value of the Shares and the dividend paid on the Shares. The performance of the Shares will therefore affect the nature and value of the investment return on the Equity Linked Certificates.

Equity Linked Certificateholders and prospective purchasers should ensure that they understand the nature of the Equity Linked Certificates and the extent of their exposure to risk and should carefully consider the suitability of the Equity Linked Certificates as an investment in the light of their own circumstances and financial condition before deciding to purchase any Equity Linked Certificates.

Equity Linked Certificates are not ordinary senior Equity Linked Notes. The terms of the Equity Linked Certificates are different from those of ordinary debt securities in that the amount payable at maturity will be determined by reference to the future value of Shares and the dividend paid on the Shares.

Accordingly, the return on investment (the effective yield to maturity) on any amount invested in the Equity Linked Certificates will be dependent on the performance of the Shares and may be less than the amount which would be paid on an ordinary debt security.

No further payments. Equity Linked Certificateholders will not be entitled to receive any amounts in respect of the Equity Linked Certificates at maturity other than the Cash Settlement Amount. If the Equity Linked Certificates become due and payable prior to the specified Maturity Date (by reason of an Event of Default or, at the option of the Issuer, for tax reasons) the aggregate amount which Equity Linked Certificateholders will receive on each Certificate will be (as determined by the Determination Agent) its market value on a day not earlier than 15 days before the early redemption date less certain costs. Such aggregate amount may be less than the issue price of the Certificate and may be zero.

Total Outperformance and Net Yield may fall to zero. If (a) the value of the Shares falls to zero at any time during the Reference Period, or (b) prior to the Determination Date the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Total Outperformance and the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend. Accordingly, the return on an investment in the Equity Linked Certificates may be less than the amount which would have been realised on an investment in the Shares over a similar period.

Value of Equity Linked Certificates influenced by many unpredictable factors. Several factors, many of which are beyond the control of the Issuer and/or the Guarantor may influence the value of the Equity Linked Certificates, including (but not limited to):

- The value of the Shares
- Interest and yield rates in the market
- The volatility (frequency and magnitude of changes in price) of the Shares
- Economic, financial, political and regulatory or judicial events that affect the Shares or stock markets generally and which may affect the final Share value
- The time remaining to maturity of the Equity Linked Certificates
- The dividend rate on the Shares
- The creditworthiness of the Issuer
- Corporate actions in respect of the Equity Linked Certificates.

Some or all of these factors will influence the price that a holder of Equity Linked Certificates will receive on a sale of Equity Linked Certificates prior to maturity.

You cannot predict the future performance of the Shares based on their historical performance. The Issuer and the Guarantor cannot and do not guarantee any future value of the Shares which would affect the amount that Equity Linked Certificateholders are entitled to receive at maturity.

Potential Conflicts of Interest between Equity Linked Certificateholders and affiliates of the Issuer and the Guarantor. As Determination Agent, MSIL calculates the Final Redemption Amount payable to Equity Linked Certificateholders and any redemption amount payable on early redemption. MSIL and other affiliates of the Issuer or the Guarantor may engage in proprietary trading in Shares or options, futures, derivatives or other instruments relating to the Shares (including such trading as MSIL or other affiliates of the Issuer or the Guarantor deem appropriate in their sole discretion to hedge the market risk on the Equity Linked Certificates and other transactions relating to Shares between MSIL or other affiliates of the Issuer or the Guarantor and any third parties). MSIL and some of the Issuer's or the Guarantor's other affiliates also trade the Shares and other financial instruments related to the Shares on a regular basis. Any of these activities could affect the price of the Shares and therefore the payout on the Equity Linked Certificates. Such trading may be effected at any time, including near the Determination Date.

Because the Determination Agent is an affiliate of the Issuer and the Guarantor, potential conflicts of interest may exist between the Determination Agent and holders of the Equity Linked Certificates, including with respect to certain determinations and judgements that the Determination Agent must make in determining whether any Market Disruption Event or any corporate or other event relating to the Shares has occurred, and on determining the amount of the redemption amount on maturity or amount payable following the early termination in respect of the Equity Linked Certificates.

Hedging Activity. Although MSIL and other affiliates of the Issuer or the Guarantor may carry out activities that hedge the Issuer's risks related to the Equity Linked Certificates there is no obligation to do so. Any hedging activity is a proprietary trading position and is not carried out on behalf or for the account of or as agent or fiduciary for any Noteholder(s) and the Equity Linked Certificateholders will not have any direct economic or other interest in, or beneficial ownership of, any hedge positions.

No entitlement to any Shares; Investment in the Equity Linked Certificates Not the Same as an Investment in the Shares. The Equity Linked Certificates do not constitute a purchase or other acquisition of any interest in any Shares and do not confer any right to acquire from the Issuer (or require the Issuer to transfer or otherwise dispose of) any Shares or any interest therein.

An investment in the Equity Linked Certificates is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Equity Linked Certificates issued by the Issuer; and
- (b) are capable of bearing the economic risk of investment in Equity Linked Certificates issued by the Issuer until redemption of the Equity Linked Certificates.

Equity Linked Certificates are non-interest bearing. The Equity Linked Certificates have been designed for investors who are willing to forgo market floating rate interest payments on the Equity Linked Certificates in exchange for the redemption amount.

INCORPORATION BY REFERENCE

All amendments and supplements to this Securities Note prepared from time to time shall be deemed to be incorporated in, and to form part of, this Securities Note, save that any statement contained in this Securities Note or in any of the documents incorporated by reference in, and forming part of, this Securities Note shall be deemed to be modified or superseded for the purpose of this Securities Note to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Securities Notes is prepared modifies or supersedes such statement.

The Issuer will, at its registered office and at the specified offices of the Paying Agents and Transfer Agents, make available for inspection during normal office hours, free of charge, upon oral or written request, a copy of this Securities Note (or any document incorporated by reference in this Securities Note). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or Transfer Agent.

KEY FEATURES OF THE NOTES

The following summary describes the key features of the Notes that the Issuer is offering under the Program in general terms only. Investors should read the summary together with the more detailed information that is contained in this Base Prospectus and in the applicable Final Terms.

Issuer	Morgan Stanley B.V.
Guarantor	Morgan Stanley unless specified otherwise in the applicable Final Terms
Distribution Agents	Morgan Stanley & Co. International Limited 25 Cabot Square, Canary Wharf, London E14 4QA and Morgan Stanley & Co. Incorporated 1585 Broadway New York 10036
Fiscal Agent.....	Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London EC2N
Irish Paying Agent.....	Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland
US Paying Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas, 17 th Floor, 60 Wall Street, New York , New York 10005
Issuance in Series.....	Notes will be issued in series (each, a “ Series ”). Each Series may comprise one or more tranches (“ Tranches ” and each, a “ Tranche ”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches and each Series may comprise Notes of different denominations. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes	<p>The Issuer will issue Notes in bearer form or in registered form as specified in the applicable Final Terms. Bearer Notes in definitive bearer form will be serially numbered. Registered Notes will be represented by a global note certificate and in limited circumstances by individual note certificates with one certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form. See “Form of the Bearer Notes” and “Form of Registered Notes and Transfer Restrictions Relating to US Sales” below.</p> <p>Bearer Notes issued with maturities of more than 183 days initially will be represented by a</p>

temporary global bearer note, (if the United States Treasury Regulation §1.163-5(c)(2)(i)(c) does not apply) that the Issuer will deposit with a common depositary for Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system. Interests in each temporary global bearer note will be exchangeable for interests in permanent global bearer notes or for definitive bearer notes. If United States Treasury Regulation §1.163-5(c)(2)(i)(D) is specified in the relevant Final Terms as applicable, certification as to non-US beneficial ownership will be a condition precedent to any exchange of an interest in a temporary global bearer note or receipt of any payment of interest in respect of a temporary global bearer note.

Bearer Notes issued with maturities of 183 days or less initially will be represented by a permanent global note that the Issuer will deposit with a common depositary for Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system. Interests in each permanent global bearer note will be exchangeable for definitive bearer notes in the limited circumstances specified in the relevant global notes in accordance with its terms. Definitive bearer notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Notes in bearer form may not be exchanged for Notes in registered form.

Registered Notes which are delivered outside any clearing system will be represented by individual note certificates (“**Individual Note Certificates**”), one certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes that are registered in the name of a nominee for one or more clearing systems will be represented by global certificates (“**Global Note Certificates**”). Notes in registered form may not be exchanged for Notes in bearer form.

Terms and Conditions.....

A Final Terms will be prepared in respect of each Tranche of Notes (each, a “**Final Terms**”). The terms and conditions applicable to each Tranche issued will be those set out under the heading “Terms and Conditions of the Notes”, as supplemented, modified or replaced, in each case, by the applicable Final Terms and if a “Product Supplement” is specified in the relevant Final Terms as being applicable, by the applicable

Product Supplement.

The Issuer may issue Notes that are Exchangeable Notes, Equity Linked Notes, Credit-Linked Notes, Commodity-Linked Notes or Currency-Linked Notes (each as defined in Condition 9 (*Equity Linked, Credit-Linked, Commodity-Linked and Currency-Linked Notes*) of “Terms and Conditions of the Notes.”).

Specified Currency	Notes may be denominated or payable in any currency as set out in the applicable Final Terms, subject to all applicable consents being obtained and compliance with all applicable legal and regulatory requirements.
Status	Notes will be direct and general obligations of the Issuer.
Guarantee.....	The payment of all amounts due in respect of Notes issued by the Issuer will, unless specified otherwise in the applicable Final Terms be unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated as of 7 April 2006.
Issue Price	Notes may be issued at any price, as specified in the applicable Final Terms, subject to compliance with all applicable legal and regulatory requirements.
Maturities.....	Notes will have maturities as specified in the applicable Final Terms, subject to compliance with all applicable legal and regulatory requirements.
Redemption	Notes may be redeemed at par or at such other redemption amount (detailed in a formula or otherwise) or by delivery of securities of an issuer that is not affiliated with Morgan Stanley, as may be specified in the applicable Final Terms.
Early Redemption.....	Early redemption will be permitted for taxation reasons as mentioned in Condition 10 (<i>Redemption and Purchase</i>) of “Terms and Conditions of the Notes,” but will otherwise be permitted only to the extent specified in the applicable Final Terms.
Interest.....	Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate, which may be zero, or floating rate, or at a rate which varies during the lifetime of the relevant Series.
Denominations	Notes will be issued in such denominations as may be specified in the applicable Final Terms, subject

to compliance with all applicable legal and regulatory requirements. Other than Equity Linked Certificates, Notes will be issued in denominations of at least EUR 1,000 per Note, save that in respect of any Series of Registered Notes, Restricted Registered Notes shall be in minimum denominations of U.S.\$100,000 and higher integral multiples of U.S.\$1,000 thereof.

Taxation	Except as otherwise set out in the relevant Final Terms, all payments of principal and interest by the Issuer and the Guarantor in respect of the Notes issued by shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by (i) in the case of the Issuer, The Netherlands or (ii) in the case of the Guarantor, the United States of America or, in each case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. Neither the Issuer nor the Guarantor shall be required to make any additional payments on account of such withholding or deduction.
Use of Proceeds	The net proceeds from the sale of Notes offered by this Securities Note will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer's obligations under the Notes, or both.
Listing	Applications have been made to admit the Notes offered under the Program by the Issuer to trading on the Irish Stock Exchange. The applicable Final Terms will specify whether an issue of Notes will be admitted to trading on the Irish Stock Exchange), admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or will be unlisted, as the Issuer and any Distribution Agent may agree.
Clearing Systems	The Depository Trust Company ("DTC") (in the case of Restricted Notes) and Euroclear, Clearstream, Luxembourg (in the case of Unrestricted Notes) and/or any other clearing system as may be specified in the applicable Final Terms.
Governing Law	The Notes will be governed by, and construed in accordance with, English law.

Enforcement of Notes in Global Form	In the case of Notes issued by the Issuer in global form (which expression includes global forms of Bearer Notes and Registered Notes), individual holders' rights will be governed by a deed of covenant entered into by the Issuer dated 7 April 2006 (the " Deed of Covenant "), copies of which will be available for inspection at the specified office of the Fiscal Agent, the Registrar, the Irish Paying Agent and Transfer Agent.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States and in certain other countries, see "Subscription and Sale and Transfer Restrictions".
Registered Notes	Offers and sales of Registered Notes in accordance with Rule 144A under the Securities Act will be permitted, if specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory requirements of the United States of America.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented by the applicable Final Terms and if so specified in the applicable Final Terms, applicable Product Supplement, will be endorsed on each Note in definitive form issued by Morgan Stanley B.V. under the Program. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. INTRODUCTION

- 1.1 *Program:* Morgan Stanley B.V. (the "**Issuer**") has established a Program (the "**Program**") for the issuance of notes which are expressed to be governed by, and construed in accordance with, English law (the "**Notes**"). The payment obligations of the Issuer in respect of Notes issued by it under the Program are (unless otherwise specified in the applicable Final Terms) guaranteed by Morgan Stanley ("**Morgan Stanley**" and in its capacity as Guarantor, the "**Guarantor**") under the terms of a guarantee dated 7 April 2006 (the "**Guarantee**").
- 1.2 *Final Terms:* Notes issued under the Program are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a set of Final Terms (each a "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented by the applicable Final Terms and, if so specified in such Final Terms, as further supplemented by extra terms and conditions in respect of particular types of Notes (each such set of extra terms and conditions so designated, a "**Product Supplement**"). In the event of any inconsistency between these Conditions, any applicable Product Supplement, and the applicable Final Terms, the applicable Final Terms shall prevail. In the event of any inconsistency between these Conditions and a Product Supplement, the Product Supplement shall prevail.
- 1.3 *Issue and Paying Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 7 April 2006 (such issue and paying agency agreement as from time to time modified and/or restated, the "**Issue and Paying Agency Agreement**") between the Issuer, Morgan Stanley, Deutsche Bank AG London as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent, as the case may be, appointed from time to time in connection with the Notes), Deutsche Bank Trust Company Americas as, US paying agent, registrar and transfer agent (the "**US Paying Agent**", "**Registrar**" and "**Transfer Agent**", which expression includes any successor registrar or transfer agent, as the case may be, appointed from time to time in connection with the Notes), and Deutsche International Corporate Services (Ireland) Limited, as paying agent (together with the Fiscal Agent and any additional paying agents appointed pursuant thereto, the "**Paying Agents**," which expression includes any successor paying agents appointed from time to time in connection with the Notes).
- 1.4 *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the applicable Final Terms. Copies of the applicable Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- 1.5 *Summaries:* Certain provisions of these Conditions are summaries of the Issue and Paying Agency Agreement and are subject to its detailed provisions. The Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) relating to interest bearing Bearer Notes (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Issue and Paying Agency Agreement

applicable to them. Copies of the Issue and Paying Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. INTERPRETATION

2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the applicable Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the applicable Final Terms;

“**Bearer Notes**” has the meaning given to it in Condition 3;

“**Business Day**” means any day, other than a Saturday or Sunday, (a) that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close (x) in The City of New York or in London, or (y) for Notes denominated in a Specified Currency other than U.S. dollars, euro or Australian dollars, in the principal financial center of the country of the Specified Currency, or (z) for Notes denominated in Australian dollars, in Sydney and (b) for Notes denominated in euro, a day that is also a TARGET Settlement Day.

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a

Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means, in respect of any Notes, the Fiscal Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or, if agreed between the Issuer and the Fiscal Agent, such other amount(s) as may be specified in the applicable Final Terms;

“**Certificate**” means, in relation to any Series of Registered Notes, any Global Note Certificate or, in relation to any Registered Note, any Individual Note Certificate and includes any replacement Certificate issued pursuant to Condition 15 (*Replacement of Notes and Coupons*);

“**Coupon Sheet**” means, in respect of a Bearer Note, a coupon sheet relating to the Bearer Note;

“**Day Count Fraction**” means (subject as provided in Condition 5), in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

- (i) if “**Actual/365**” or “**Actual/Actual**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the applicable Final Terms;

“**Extraordinary Resolution**” has the meaning given in the Issue and Paying Agency Agreement;

“Final Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

“Fixed Coupon Amount” has the meaning given in the applicable Final Terms;

“Global Note Certificate” means in relation to any Series any Global Note Certificate substantially in the form scheduled to the Issue and Paying Agency Agreement;

“Individual Note Certificate” means an individual note certificate representing a Noteholder’s holding of a Registered Note, in or substantially in the form scheduled to the Issue and Paying Agency Agreement;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms;

“Interest Determination Date” has the meaning given in the applicable Final Terms;

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2000 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” has the meaning given in the applicable Final Terms;

“Margin” has the meaning given in the applicable Final Terms;

“Maturity Date” has the meaning given in the applicable Final Terms;

“Maximum Redemption Amount” has the meaning given in the applicable Final Terms;

“Minimum Redemption Amount” has the meaning given in the applicable Final Terms;

“Noteholder” and (in relation to a Note) **“holder”** means, in the case of a Bearer Note, the bearer of a Note or, in the case of a Registered Note, a person in whose name a Note is registered in the Register;

“Optional Redemption Amount (Call)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

“Optional Redemption Amount (Put)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

“Optional Redemption Date (Call)” has the meaning given in the applicable Final Terms;

“Optional Redemption Date (Put)” has the meaning given in the applicable Final Terms;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

“Payment Business Day” means:

- (i) if the currency of payment is euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and Melbourne and, in relation to New Zealand dollars, it means Wellington and Auckland;

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“QIB/QP” means a “qualified institutional buyer” as defined in Rule 144A who is also a “qualified purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940.

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

“Reference Banks” has the meaning given in the applicable Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the applicable Final Terms;

“Reference Rate” has the meaning given in the applicable Final Terms;

“Register” has the meaning given to it in Condition 3;

“Registered Notes” has the meaning given to it in Condition 3;

“Regulation S” means Regulation S under the Securities Act;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“Relevant Financial Centre” has the meaning given in the applicable Final Terms;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service and the Bridge’s Telerate Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the applicable Final Terms;

“Reserved Matter” means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“Restricted Global Note Certificate” means a Global Note Certificate representing a Registered Note offered and sold in reliance on Rule 144A;

“Rule 144A” means Rule 144A under the Securities Act;

“Securities Act” means the United States Securities Act of 1933, as amended;

“Specified Currency” has the meaning given in the applicable Final Terms;

“Specified Denomination(s)” has the meaning given in the applicable Final Terms;

“Specified Office” has the meaning given in the Issue and Paying Agency Agreement;

“Specified Period” has the meaning given in the applicable Final Terms;

“Subsidiary” means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“Talon” means a talon for further Coupons;

“TARGET Settlement Day” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“Treaty” means the Treaty establishing the European Community, as amended;

“Unrestricted Global Note Certificate” means a Global Note Certificate representing Registered Notes offered and sold outside the United States in reliance on Regulation S; and

“Zero Coupon Note” means a Note specified as such in the applicable Final Terms.

2.2 *Interpretation: In these Conditions:*

- (i) if the Notes are Zero Coupon Notes or Registered Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the applicable Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the applicable Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Issue and Paying Agency Agreement; and
- (vii) if an expression is stated in Condition 2.1 to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. **FORM, DENOMINATION AND TITLE**

3.1 *Form of Notes:*

3.1.1 The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), as specified in the applicable Final Terms. Bearer Notes are serially numbered. Registered Notes are not exchangeable for Bearer Notes. Bearer Notes are not exchangeable for Registered Notes. References herein to “Notes” shall be to Bearer Notes and/or Registered Notes as specified in the applicable Final Terms.

3.1.2 Interest-bearing definitive Bearer Notes have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the applicable Final Terms, such Notes have attached thereto at the time of their initial delivery, Talons for further Coupons.

3.2 *Denomination of Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the applicable Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. All Notes will be issued with a Specified Denomination of at least EUR 1,000 (or its equivalent in the currency in which such Note is denominated).

3.3 *Denomination of Registered Notes:* Registered Notes (other than Restricted Registered Notes) will be issued with a Specified Denomination of at least EUR 1,000 (or its equivalent in the currency in which such Note is denominated). Restricted Registered Notes shall have a minimum Specified Denomination of at least U.S.\$100,000 and higher integral multiples of U.S.\$1,000 thereof.

3.4 *Currency of Notes:* The Notes are denominated in the Specified Currency. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

3.5 *Title and transfer:*

3.5.1 Title to Bearer Notes, Coupons and Talons passes by delivery.

3.5.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the “**Register**”). A Certificate will be issued to each Noteholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

3.5.3 The holder of any Note, and any Couponholder will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing on the relevant Note or Certificate, or any theft or loss thereof) and no person shall be liable for so treating such Noteholder or Couponholder.

3.6 *Transfer of Registered Notes:*

3.6.1 A Registered Note may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and further subject to the provisions of Conditions 3.6.5 to 3.6.7 below, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination) upon the surrender

of the relevant Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or any Transfer Agent. A new Certificate will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Certificate in respect of the balance not transferred will be issued to the transferor. The Issuer shall have the right to refuse to honor the transfer of any Restricted Registered Notes to a person who is not a QIB/QP. The Issuer shall have the right to refuse to honor the transfer of any Unrestricted Registered Notes to a person who is a U.S. person (as defined in Regulation S).

- 3.6.2 A Certificate representing each new Registered Note or Notes to be issued upon the transfer of a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant Noteholder at the Specified Office of the Registrar or the Transfer Agent (as the case may be) or, at the option of the Noteholder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Noteholder(s) entitled thereto) to such address(es) as may be specified by such Noteholder. For these purposes, a form of transfer or request for exchange received by the Registrar, the Fiscal Agent or the Transfer Agent (as the case may be) after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar, the Fiscal Agent or the Transfer Agent (as the case may be) until the day following the due date for such payment. For the purposes of these Terms and Conditions:

“**Relevant Banking Day**” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the Specified Office of the Registrar or the Transfer Agent is located;

and

the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 3.6.1 above.

- 3.6.3 The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.
- 3.6.4 If the Issuer or an Affiliate of the Issuer acquires a beneficial interest in a Registered Note represented by a Global Note Certificate it shall receive such interest in the form of an Individual Note Certificate. Following any subsequent transfer by the Issuer or such Affiliate of any Individual Note Certificate:
- (a) if such transfer is made to a non-U.S. person in an offshore transaction in accordance with Regulation S, the transferee shall receive an interest in the relevant Unrestricted Global Note Certificate; or
 - (b) if such transfer is made to a QIB/QP pursuant to Rule 144A, the transferee shall receive an interest in the relevant Restricted Global Note Certificate.
- 3.6.5 So far as permitted by applicable law, regulations and any stock exchange requirements by which the Issuer is bound, the Issuer has covenanted and agreed in the Issue and Paying Agency Agreement to give to the Fiscal Agent such information as it requires

for the performance of its functions and, without prejudice to the foregoing, for so long as any Registered Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, has covenanted and agreed that it shall, during any period in which it is not subject to the reporting requirements of Section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any Noteholder of such restricted securities, and to any prospective purchaser of such restricted securities designated by such Noteholder in connection with resale of a beneficial interest in such registered securities, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

- 3.6.6 No Noteholder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for the payment of any principal or interest in respect of such Note.

4. STATUS

- 4.1 *Status of the Notes:* The Notes and, if applicable, Coupons relating to them, constitute direct and general obligations of the Issuer which rank *pari passu* among themselves.
- 4.2 *Status of the Guarantee:* The Guarantor’s obligations in respect of the Notes (other than Notes the Final Terms relating to which specifies that such Notes are not guaranteed by Morgan Stanley) constitute direct and general obligations of the Guarantor which rank *pari passu* among themselves.

5. FIXED RATE NOTE PROVISIONS

- 5.1 *Application:* This Condition 5 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable.
- 5.2 *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 5.3 *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- 5.4 *Regular Interest Periods:* If all of the Interest Payment Dates fall at regular intervals between the Issue Date and the Maturity Date, then:
- 5.4.1 the Notes shall for the purposes of this Condition 5 be “**Regular Interest Period Notes**”;
- 5.4.2 the day and month (but not the year) on which any Interest Payment Date falls shall for the purposes of this Condition 5 be a “**Regular Date**”; and

- 5.4.3 each period from and including a Regular Date falling in any year to but excluding the next succeeding Regular Date shall for the purposes of this Condition 5 be a “**Regular Period**”.
- 5.5 *Irregular first or last Interest Periods:* If the Notes would be Regular Interest Period Notes but for the fact that either or both of:
- 5.5.1 the interval between the Issue Date and the first Interest Payment Date; and
- 5.5.2 the interval between the Maturity Date and the immediately preceding Interest Payment Date
- is longer or shorter than a Regular Period, then the Notes shall nevertheless be deemed to be Regular Interest Period Notes provided, however, that if the interval between the Maturity Date and the immediately preceding Interest Payment Date is longer or shorter than a Regular Period, the day and month on which the Maturity Date falls shall not be a “Regular Date”.
- 5.6 *Irregular Interest Amount:* If the Notes are Regular Interest Period Notes, the amount of interest payable in respect of each Note for any period which is not a Regular Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- 5.7 *Day Count Fraction:* In respect of any period which is not a Regular Period the relevant day count fraction (the “**Day Count Fraction**”) shall be determined in accordance with the following provisions:
- 5.7.1 if the Day Count Fraction is specified in the applicable Final Terms as being 30/360, the relevant Day Count Fraction will be the number of days in the relevant period (calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) divided by 360;
- 5.7.2 if the Day Count Fraction is specified in the applicable Final Terms as being Actual/Actual (Bond) and the relevant period falls during a Regular Period, the relevant Day Count Fraction will be the number of days in the relevant period divided by the product of (A) the number of days in the Regular Period in which the relevant period falls and (B) the number of Regular Periods in any period of one year; and
- 5.7.3 if the Day Count Fraction is specified in the applicable Final Terms as being Actual/Actual (Bond) and the relevant period begins in one Regular Period and ends in the next succeeding Regular Period, interest will be calculated on the basis of the sum of:
- (a) the number of days in the relevant period falling within the first such Regular Period divided by the product of (1) the number of days in the first such Regular Period and (2) the number of Regular Periods in any period of one year; and
 - (b) the number of days in the relevant period falling within the second such Regular Period divided by the product of (1) the number of days in the second such Regular Period and (2) the number of Regular Periods in any period of one year.

- 5.8 *Number of days:* For the purposes of this Condition 5, unless the Day Count Fraction is specified in the applicable Final Terms as being 30/360 (in which case the provisions of Condition 5.7.1 above shall apply), the number of days in any period shall be calculated on the basis of actual calendar days from and including the first day of the relevant period to but excluding the last day of the relevant period.
- 5.9 *Irregular Interest Periods:* If the Notes are not Regular Interest Period Notes and interest is required to be calculated for any period other than an Interest Period, interest shall be calculated on such basis as is described in the applicable Final Terms.

6. **FLOATING RATE NOTE AND INDEX-LINKED INTEREST NOTE PROVISIONS**

- 6.1 *Application:* This Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable.
- 6.2 *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment). The Rate of Interest in respect of all or any Interest Periods shall if so specified in the applicable Final Terms be zero.
- 6.3 *Screen Rate Determination:* If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- 6.3.1 if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- 6.3.2 in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- 6.3.3 if, in the case of Condition 6.3.1 above, such rate does not appear on that page or, in the case of Condition 6.3.2 above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
- (a) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean of such quotations; and

- 6.3.4 if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- 6.4 *ISDA Determination:* If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- 6.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
- 6.4.2 the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
- 6.4.3 the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the applicable Final Terms.

- 6.5 *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the applicable Final Terms.

- 6.6 *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

- 6.7 *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.

- 6.8 *Calculation of other amounts:* If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The

relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

- 6.9 *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- 6.10 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Registrar and the Transfer Agents, as the case may be, the Noteholders and the Couponholders (if any) and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. ZERO COUPON NOTE PROVISIONS

- 7.1 *Application:* This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the applicable Final Terms as being applicable.
- 7.2 *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- 7.2.1 the Reference Price; and
 - 7.2.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8. DUAL CURRENCY NOTE PROVISIONS

- 8.1 *Application:* This Condition 8 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the applicable Final Terms as being applicable.
- 8.2 *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

9. EQUITY LINKED, CREDIT LINKED, COMMODITY LINKED AND CURRENCY LINKED NOTES-PRODUCT SUPPLEMENTS

The Issuer may issue Notes:

- 9.1.1 that are optionally exchangeable (“**Optionally Exchangeable Notes**”) or mandatorily exchangeable (“**Mandatorily Exchangeable Notes**” and, together with the Optionally Exchangeable Notes, the “**Exchangeable Notes**”) into the securities of an entity or a basket of securities of entities not affiliated with the Issuer and/or an index or indices of such securities;
- 9.1.2 the payment of principal of which and/or interest on which are linked to the securities of an entity or a basket of securities of entities not affiliated with the Issuer and/or to an index or indices of such securities (“**Equity Linked Notes**”);
- 9.1.3 the payment of principal of which and/or interest on which are linked to the credit of one or more specified entities (“**Credit Linked Notes**”);
- 9.1.4 the payment of principal of which and/or interest on which are to be determined by reference to one or more commodity prices (“**Commodity Linked Notes**”);
- 9.1.5 the payment of principal of which and/or interest on which are to be determined by reference to one or more currencies as compared to the value of one or more other currencies (“**Currency Linked Notes**”); or
- 9.1.6 upon any other terms and conditions,

in each case, in accordance with the detailed terms and conditions set out in the applicable Final Terms and any applicable Product Supplement.

10. REDEMPTION AND PURCHASE

- 10.1 *Scheduled Redemption.* Unless previously redeemed, or purchased and cancelled, and unless otherwise specified in the relevant Final Terms or Product Supplement, as specified in the relevant Final Terms, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- 10.2 *Tax Redemption.* Notes may be redeemed as a whole (but not in part), at the option of the Issuer at any time prior to maturity, upon the giving of a notice of redemption as described below, if the Issuer determines that, as a result of:
 - 10.2.1 any change in or amendment to the laws, or any regulations or rulings promulgated under the laws of The Netherlands or the United States or of any political subdivision or taxing authority of or in The Netherlands or the United States affecting taxation, or
 - 10.2.2 any change in official position regarding the application or interpretation of the laws, regulations or rulings referred to above,

which change or amendment becomes effective on or after the date of the applicable Final Terms in connection with the issuance of the Notes or any other date specified in the applicable Final Terms, the Issuer or the Guarantor is or will become required by law to make any withholding or deduction with respect to the Notes, as described in Condition 12 (*Taxation*). The redemption price will be specified in the applicable Final Terms. The Issuer will give notice of any tax redemption.

- 10.3 Except as otherwise specified in the applicable Final Terms, notice of redemption will be given not less than 30 nor more than 60 days prior to the date fixed for redemption. The date and the applicable redemption price will be specified in the notice.

10.4 *Special Tax Redemption.* If the Issuer determines that any payment made outside the United States by the Issuer, the Guarantor or any Paying Agent of principal, premium, interest and/or supplemental amounts, if any, due on any Bearer Note or Coupon would, under any present or future laws or regulations of the United States, be subject to any certification, identification or other information reporting requirement of any kind, the effect of which is the disclosure to the Issuer, the Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of that Bearer Note or Coupon who is a United States Alien other than such a requirement that:

10.4.1 would not be applicable to a payment made by the Issuer, the Guarantor or any Paying Agent

(a) directly to the beneficial owner or

(b) to a custodian, nominee or other agent of the beneficial owner, unless the payment by the custodian, nominee or agent to the beneficial owner would otherwise be subject to any similar requirement, or

10.4.2 can be satisfied by the custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, unless the payment by the custodian, nominee or agent to the beneficial owner would otherwise be subject to any similar requirement,

the Issuer may (1) redeem the Notes, as a whole, at the redemption price specified in the applicable Final Terms or (2) at the election of the Issuer, if the conditions described below are satisfied, pay the additional amounts specified in Condition 10.5.

The Issuer will make the determination and election described above as soon as practicable and publish prompt notice thereof (the “**Determination Notice**”) stating:

10.4.3 the effective date of the certification, identification or other information reporting requirements,

10.4.4 whether the Issuer will redeem the Notes or has elected to pay the additional amounts specified below and

10.4.5 if the Issuer elects to redeem, the last date by which the redemption of the Notes must take place.

If the Issuer redeems the Notes for this reason, the redemption will take place on a date, not later than one year after the publication of the Determination Notice. The Issuer will elect the date fixed for redemption by notice to the Fiscal Agent at least 60 days prior to the date fixed for redemption, or within the redemption notice period specified in the applicable Final Terms. Notice of the redemption of the Notes will be given to the Noteholders not more than 60 nor less than 30 days prior to the date fixed for redemption, or within the redemption notice period specified in the applicable Final Terms.

Notwithstanding the foregoing, the Issuer will not redeem the Notes if the Issuer subsequently determines, not less than 30 days prior to the date fixed for redemption, or prior to the last day of the specified redemption notice period in the applicable Final Terms, that subsequent payments would not be subject to any certification, identification or other information reporting requirement, in which case the Issuer will publish prompt notice of the determination and revoke any earlier redemption notice.

The term “**United States Alien**” means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary

of a foreign estate or trust, or a foreign partnership one or more of the members of which is a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

- 10.5 *Election to pay additional amounts rather than redeem.* If and so long as the certification, identification or other information reporting requirements referred to in Condition 10.4 (*Special Tax Redemption*) would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay such additional amounts as may be necessary so that every net payment made outside the United States following the effective date of those requirements by the Issuer or any Paying Agent of principal, premium, interest and/or supplemental amounts, if any, due in respect of any bearer note or any coupon of which the beneficial owner is a United States Alien will not be less than the amount provided for in the Note or Coupon to be then due and payable after deduction or withholding for or on account of the backup withholding tax or similar charge, other than a backup withholding tax or similar charge that:

- (a) would not be applicable in the circumstances referred to in Conditions 10.4.1 and 10.4.2 or
- (b) is imposed as a result of presentation of the Note or Coupon for payment more than 15 days after the date on which the payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later.

The Issuer's ability to elect to pay additional amounts as described in this paragraph is conditional on there not being a requirement that the nationality, residence or identity of the beneficial owner be disclosed to the Issuer, any paying agent or any governmental authority, as a result of the payment of the additional amounts.

If the Issuer elects to pay any additional amounts as described in this Condition 10.5, the Issuer will have the right to redeem the Notes as a whole at any time by meeting the same conditions described in Condition 10.4 (*Special Tax Redemption*), and the redemption price of the Notes will not be reduced for applicable withholding taxes. If the Issuer elects to pay additional amounts as described in this Condition 10.5 and the condition specified in the first sentence of this Condition 10.5 should no longer be satisfied, then the Issuer may redeem the Notes as a whole under the applicable provisions of Condition 10.4 (*Special Tax Redemption*).

- 10.6 *Redemption at the option of the Issuer:* If the Call Option is specified in the applicable Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- 10.7 *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10.6 (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate and, in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the minimum Specified Denomination thereof or an integral multiple thereof, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to

Noteholders referred to in Condition 10.6 (*Redemption at the option of the Issuer*) shall (in so far as it relates to Bearer Notes) specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

In the case of the redemption of part only of a holding of Registered Notes, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 3.6 (*Transfer of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

- 10.8 *Redemption at the option of Noteholders*: If the Put Option is specified in the applicable Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10.8, the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent or, in the case of a Registered Note, the Registrar or any Transfer Agent, the relevant Note or Certificate, as the case may be, together, in the case of an interest-bearing Bearer Note, with all unmatured Coupons relating thereto (other than any Coupon maturing on or before the Optional Redemption Date (Put)) failing which, after the Optional Redemption Date (Put), the provisions of Condition 11.1.6 (*Unmatured Coupons void*) shall apply and together with a duly completed Put Option Notice in the form obtainable from any Paying Agent and/or the Registrar or any Transfer Agent specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum Specified Denomination specified in the Final Terms or an integral multiple thereof). The Paying Agent, Registrar or Transfer Agent with which a Note or Certificate is so deposited, as the case may be, shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note or Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 10.8, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note or Certificate becomes immediately due and payable or, upon due presentation of any such Note or Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or the Registrar, as the case may be, shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note or Certificate at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note or Certificate is held by a Paying Agent or the Registrar or any Transfer Agent in accordance with this Condition 10.8, the depositor of such Note or Certificate and not such Paying Agent, Registrar or Transfer Agent shall be deemed to be the holder of such Note or Certificate for all purposes. In the case of the redemption of part only of a Registered Note, a new Certificate in respect of the unredeemed balance shall be issued in accordance with Condition 3.6 (*Transfer of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Certificate were in respect of the untransferred balance.

- 10.9 *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

10.9.1 the Reference Price; and

10.9.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for

redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the applicable Final Terms for the purposes of this Condition 10.9 or, if none is so specified, a Day Count Fraction of 30E/360.

10.10 *Early redemption of Exchangeable Notes:* Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable if any Exchangeable Note is: (i) declared to be immediately due and payable pursuant to Condition 13 (*Events of Default*) or (ii) redeemed by the Issuer pursuant to Condition 10.2 (*Tax Redemption*) or 10.4 (*Special Tax Redemption*) shall be an amount equal to:

10.10.1 in respect of any Optionally Exchangeable Note, the face amount of such Note, plus accrued interest (if any) to but excluding the date of payment; except that if the Noteholder thereof has exchanged such Note prior to the date on which such Note was declared immediately due and payable (in respect of (i) above) or on which notice of redemption was given (in respect of (ii) above) without having received the amount due upon exchange, the Redemption Amount shall be an amount of cash equal to the amount due upon exchange and will not include any accrued but unpaid interest; and

10.10.2 in respect of any Mandatorily Exchangeable Note, an amount in cash determined as if the date on which such Note was declared immediately due and payable (in respect of (i) above) or on which notice of redemption was given (in respect of (ii) above) were the Maturity Date, plus accrued interest (if any) to but excluding the date of payment.

10.11 *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

10.12 *Compliance with securities laws:* If any holder of any Restricted Registered Note is determined not to be a QIB/QP, the Issuer shall have the right to (i) force such holder to sell its interest in such Note, or sell such interest on behalf of such holder, to (A) a QIB/QP pursuant to Rule 144A or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a beneficial interest in the relevant Unrestricted Global Note Certificate or (ii) redeem such Note. If any holder of any Unrestricted Registered Note is determined to be a U.S. person (as defined in Regulation S), the Issuer shall have the right to force such holder to sell its interest in such Note, or sell such interest on behalf of such holder, to (A) a person who is not a U.S. person (as defined in Regulation S) or (B) pursuant to Rule 144A to a QIB/QP who, following such transaction, receives a beneficial interest in the relevant Restricted Global Note Certificate or (ii) redeem such Note.

10.13 *Cancellation:* All Notes so redeemed shall, and all Notes so purchased by the Issuer or any of its Subsidiaries may, at the discretion of the Issuer, be cancelled (together with all unmatured Coupons attached to or surrendered with them). All Notes so redeemed, and all Notes so purchased and cancelled, may not be reissued or resold.

11. **PAYMENTS**

11.1 *Bearer Notes:*

11.1.1 *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment

is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

- 11.1.2 *Interest:* Payments of interest shall, subject to Condition 11.1.8 below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11.1.1 above.
- 11.1.3 *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without adverse United States federal tax consequences or other adverse consequences to the Issuer.
- 11.1.4 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- 11.1.5 *Deductions for unmatured Coupons:* If the applicable Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (a) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (b) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (i) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; provided, however, that where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (ii) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for

payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- 11.1.6 *Unmatured Coupons void*: If the applicable Final Terms specifies that this Condition 11.1.6 is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10.2 (*Tax Redemption*), Condition 10.4 (*Special Tax Redemption*), Condition 10.8 (*Redemption at the option of Noteholders*), Condition 10.6 (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
 - 11.1.7 *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
 - 11.1.8 *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11.1.3 above).
 - 11.1.9 *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
 - 11.1.10 *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent during regular business hours for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- 11.2 *Registered Notes*:
- 11.2.1 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Certificate at the specified office of the Registrar or any Transfer Agent. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 11.3.2), then the Noteholder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, (as defined in Condition 11.3.2), and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no

further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.2 (*Accrual of interest*) or, as appropriate, Condition 6.2 (*Accrual of interest*).

- 11.2.2 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the holder thereof (or, in the case of joint holders, the first named) as appearing in the Register as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 3.6.2 (*Transfer of Registered Notes*)) before the due date for such payment (the “**Record Date**”).
- 11.2.3 Notwithstanding the provisions of Condition 11.3.1, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) and posted to the address as recorded in the Register of the holder thereof (or, in the case of joint holders, the first named) on a Relevant Banking Day (as defined in Condition 3.6.2 (*Transfer of Registered*)), not later than the relevant due date for payment unless prior to the relevant Record Date the holder thereof (or, in the case of joint holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank) in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Noteholder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.2 (*Accrual of interest*) or, as appropriate, Condition 6.2 (*Accrual of interest*).

11.3 *General provisions:*

- 11.3.1 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (A) by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or (B) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank specified by the payee). Payments will, without prejudice to the provisions of Condition 12 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations.
- 11.3.2 For the purposes of these Conditions:
- (a) “**Relevant Financial Centre Day**” means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial

Centre specified in the Final Terms or, in the case of a payment in euro, a TARGET Settlement Day; and

- (b) **“Local Banking Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon.

11.3.3 No commissions or expenses shall be charged to Noteholders or Couponholders in respect of such payments.

12. TAXATION

No additional amounts: Except as otherwise set out in the relevant Final Terms, all payments of principal and interest by the Issuer and Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied collected, withheld or assessed by (i) in the case of the Issuer, The Netherlands; or (ii) in the case of the Guarantor, the United States of America or, in each case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. Neither the Issuer nor the Guarantor shall be required to make any additional payments on account of any such withholding or deduction.

13. EVENTS OF DEFAULT

13.1 If any of the following events (each, an **“Event of Default”**) occurs and is continuing:

- 13.1.1 *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within thirty days of the due date for payment thereof; or
- 13.1.2 *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for sixty days after written notice thereof, addressed to the Issuer by Noteholders of not less than twenty-five per cent. in principal amount of the relevant Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or
- 13.1.3 *Insolvency etc:* (i) the Issuer becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of the Issuer is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganization or restructuring while solvent), (iii) the Issuer takes any action for a composition with or for the benefit of its creditors generally, or (iv) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent),

then Noteholders of not less than 25 per cent. in aggregate principal amount of the Notes may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) (or in accordance with any other provisions specified in the applicable Final Terms or unless such Notes are Exchangeable Notes) without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

- 13.2 *Annulment of Acceleration and Waiver of Defaults.* In some circumstances, if any or all Events of Default, other than the non-payment of the principal of the Notes of a Series that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in principal amount of such Series of Notes (voting as one class) may annul past declarations of acceleration of or waive past defaults of the Notes. However, any continuing default in payment of principal of or any premium or interest on those Notes may not be waived.

14. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. **REPLACEMENT OF NOTES AND COUPONS**

If any Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (in the case of Bearer Notes and Coupons) or of the Registrar or any Transfer Agent (in the case of Registered Notes) (each a “**Replacement Agent**”) during normal business hours (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may reasonably require. Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

16. **AGENTS**

- 16.1 In acting under the Issue and Paying Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

- 16.2 The initial Fiscal Agent, Paying Agents, Registrar and Transfer Agents and their respective initial Specified Office are listed below on the inside back cover of this Securities Note. The initial Calculation Agent is the Fiscal Agent. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Registrar and Transfer Agent and to appoint a successor Fiscal Agent or Calculation Agent and additional or successor, Registrar, Paying Agents or Transfer Agents; provided, however, that the Issuer shall at all times maintain:

16.2.1 a Fiscal Agent;

16.2.2 in the case of Registered Notes, a Registrar;

16.2.3 a Paying Agent (or, in the case of registered Notes, a Transfer Agent);

16.2.4 if a Calculation Agent is specified in the applicable Final Terms, a Calculation Agent;

16.2.5 if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, a Registrar and/or a Transfer Agent in any particular place, a Paying Agent, a Registrar and/or a Transfer Agent, each having their Specified Office in the place required by such listing authority, stock exchange and/or quotation system; and

- 16.2.6 if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, a Paying Agent, in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.
- 16.3 Notice of any change in any of the Paying Agents, Registrar or Transfer Agent or in their respective Specified Offices shall promptly be given to the Noteholders.

17. MEETINGS OF NOTEHOLDERS AND MODIFICATION

- 17.1 *Meetings of Noteholders:* The Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- 17.2 *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or to effect a modification which is of a formal, minor or technical nature or which, in the opinion of the Issuer and the Fiscal Agent, is not materially prejudicial to the interest of the Noteholders. In addition, the parties to the Issue and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.
- 17.3 In connection with the Conditions, the Issuer and the Fiscal Agent shall have regard to the interests of the Noteholders and the Couponholders as a class. In particular, but without limitation, the Issuer and the Fiscal Agent shall not have regard to the consequences for individual Noteholders or Couponholders resulting from such individual Noteholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

19. NOTICES

- 19.1 *To holders of Bearer Notes:* Notices to the Noteholders shall be valid if published in leading English language daily newspapers published in London (which is expected to be the Financial Times) and if the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Ireland (which is expected to be the Irish Times) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.
- 19.2 *To holders of Registered Notes:* Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint holders, to the first named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. Notices to holders of Registered Notes will include a reminder that: (1) each holder of any Restricted Registered Note is required to be a QIB/QP that can represent that (a) it is a QIB/QP, (b) it is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (c) it is not a participant-directed employee plan, such as a 401(k) plan, (d) it is acting for its own account, or the account of another QIB/QP, (e) it is not formed for the purpose of investing in the Issuer or the Guarantor, (f) it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes and (g) it will provide notice of the transfer restrictions to any subsequent transferees of Notes; (2) the Restricted Registered Notes can only be transferred (A) to another QIB/QP pursuant to Rule 144A that can make the same representations as those in (1) above or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a beneficial interest in the relevant Unrestricted Global Certificate; (3) the Issuer has the right to force any holder of Restricted Registered Notes who is not a QIB/QP to (i) sell its Notes to (A) a QIB/QP pursuant to Rule 144A or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a beneficial interest in the relevant Unrestricted Global Note Certificate or (ii) redeem such Note; (4) each holder of any Unrestricted Registered Note is required to be a non-U.S. person (as defined Regulation S); and (5) the Issuer has the right to force any holder of Unrestricted Registered Notes who is a U.S. person (as defined in Regulation S) to (i) sell its Notes to (A) a person who is not a U.S. person (as defined in Regulation S) or (B) pursuant to Rule 144A to a QIB/QP who, following such transaction, receives a beneficial interest in the relevant Restricted Global Note Certificate or (ii) redeem such Note.. The Issuer will send this reminder to participants in DTC and Euroclear and Clearstream, Luxembourg at least once a year with a request that participants pass it along to beneficial owners of Notes. With respect to Registered Notes listed on the Irish Stock Exchange and if the rules of that Stock Exchange so require, any notices to Noteholders must also be published in an Irish daily newspaper and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

20. CURRENCY INDEMNITY

- 20.1 If any sum due from the Issuer in respect of the Notes, Certificates or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof

against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, or Registrar, as the case may be, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

- 20.2 This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. rounded up to 0.00001 per cent.), (b) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent rounded upward), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downward to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 rounded up to 0.01).

22. **REDENOMINATION, RENOMINALISATION AND RECONVENTIONING**

- 22.1 *Application:* This Condition 22 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the applicable Final Terms as being applicable.

- 22.2 *Notice of redenomination:* If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents and/or, as the case maybe, the Registrar, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

- 22.3 *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- 22.3.1 the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation and the Paying Agents and Registrar of such deemed amendments;

22.3.2 if Notes have been issued in definitive form:

- (a) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the “**Euro Exchange Date**”) on which the Issuer gives notice (the “**Euro Exchange Notice**”) to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;
- (b) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and
- (c) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent or Registrar may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

22.3.3 all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

22.4 *Interest:* Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.

22.5 *Interest Determination Date:* If the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

23. **SUBSTITUTION FOR THE ISSUER**

Subject to such amendment of the deed of covenant (the “**Deed of Covenant**”) entered into by the Issuer relating to the Notes dated 7 April 2006 and such other conditions as the Issuer may agree with the Fiscal Agent, but without the consent of the holders of Notes or Coupons appertaining thereto (if any), the Issuer may, subject to the Notes and the Coupons appertaining thereto being unconditionally and irrevocably guaranteed by Morgan Stanley, substitute a subsidiary of Morgan Stanley in place of the Issuer as principal debtor under the Notes and the Coupons appertaining thereto (if any) and the Deed of Covenant insofar as it relates to the Notes or may substitute Morgan Stanley in place of the Issuer.

Any Notes in respect of which such a substitution is effected will be fully and unconditionally guaranteed pursuant to a guarantee of Morgan Stanley as to the payment of principal of, premium, interest and supplemental amounts, if any, and any additional amounts on those Notes when and as the same will become due and payable, whether at maturity or otherwise. Under the terms of

the guarantee, holders of the Notes will not be required to exercise their remedies against the substitute issuer prior to proceeding directly against Morgan Stanley.

24. **GOVERNING LAW AND JURISDICTION**

24.1 *Governing law:* The Notes are governed by, and shall be construed in accordance with, English law.

24.2 *Jurisdiction:* The Issuer agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

24.2 *Appropriate forum:* The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

24.3 *Process agent:* The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Morgan Stanley & Co. International Limited, 25 Cabot Square, Canary Wharf, London E14 4QA or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer’s behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

24.4 *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

25. **RIGHTS OF THIRD PARTIES**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

EQUITY LINKED CERTIFICATES PRODUCT SUPPLEMENT

If the Equity Linked Certificates Product Supplement is specified in Final Terms as being applicable in relation to Notes issued under the Program, then the Conditions are to be amended and supplemented in accordance with the terms of this Product Supplement (the “**Equity Linked Certificates Product Supplement**”). Terms not defined herein shall have the meaning given to them in the Conditions. This a Product Supplement for the purpose of the Conditions. All references in this Product Supplement to a Certificate or a Certificateholder shall be construed as references respectively to a Note or a Noteholder for all purposes of the Conditions, the Issue and Paying Agency Agreement dated 7 April 2006 and all other documentation relating to the Program. The Certificates shall be deemed to be Equity Linked Notes for the purposes of the Conditions and the remainder of the Base Prospectus relating to the Program.

1. DEFINITIONS

For the purposes hereof:

“**Additional Outperformance**” means the product of the Additional Outperformance Weighting multiplied by the Daily Average Price multiplied by the Additional Outperformance Day Count Fraction.

“**Additional Outperformance Day Count Fraction**” means the actual number of days during the period beginning on and including the Issue Date to but excluding the Determination Date (the “**Additional Outperformance Period**”), divided by 360.

“**Additional Outperformance Weighting**” has the meaning given to it in the applicable Final Terms.

“**Cash Settlement Amount**” has the meaning given to it in the applicable Final Terms.

“**Daily Average Price**” means an amount, as determined by the Determination Agent, equal to the average of the official closing prices of one Share on the Exchange at the Determination Time on each Scheduled Trading Day during the Additional Outperformance Period which is not a Disrupted Day (as defined in paragraph 2.1 (*Disruption*) below).

“**Determination Agent**” means, in respect of any Certificates, Morgan Stanley & Co. International Limited. The Determination Agent shall act as an expert and not as an agent for the Issuer or the Certificateholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith.

“**Determination Date**” means, subject to paragraph 3.2 (*Disruption*) below, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“**Determination Time**” means the official close of trading on the Exchange.

“**Exchange**” means the exchange specified in the applicable Final Terms, any successor thereto or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

“Ex-Dividend Date” means, with respect to the relevant dividend, the first date on which trading in the Shares on the Exchange is effected without the right to receive the relevant dividend, as determined by the Determination Agent.

“Net Yield” means an amount, as determined by the Determination Agent, equal to the product of the Net Yield Weighting and the aggregate of all declared dividend payments (or any part thereof) in respect of one Share for which the Ex-Dividend Date falls during the Reference Period (an **“Eligible Dividend”**). Notwithstanding the above, if (a) the Determination Agent determines that at any time during the Reference Period the price of one Share has fallen to zero, or (b) prior to the Determination Date the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend.

“Interest Payment Date” means the scheduled payment date of the Eligible Dividends.

“Net Yield Weighting” has the meaning given to it in the applicable Final Terms.

“Outperformance” means (a) with respect to Eligible Dividends, the product of the Net Yield and the Outperformance Weighting, and (b) with respect to declared dividends (or part thereof) in respect of the Shares for which the Ex-Dividend Date falls outside the Reference Period, zero. Notwithstanding the above, if (a) the Determination Agent determines that at any time during the Reference Period the price of one Share has fallen to zero, or (b) prior to the Determination Date the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend.

“Outperformance Weighting” has the meaning given to it in the applicable Final Terms.

“Pricing Date” has the meaning given to it in the applicable Final Terms.

“Reference Period” means the period from (and including) the Pricing Date to (but excluding) the Determination Date.

“Related Exchange” has the meaning given to it in the applicable Final Terms.

“Scheduled Trading Day” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“Share” means a share of the Share Issuer (with a Bloomberg ticker and ISIN as specified in the applicable Final Terms) and **“Shares”** shall be interpreted accordingly.

“Share Final Value” means, as determined by the Determination Agent, the official closing price of one Share on the Exchange at the Determination Time on the Determination Date.

“Share Issuer” has the meaning given to it in the applicable Final Terms.

“Total Outperformance” means the sum of (i) the Outperformance and (ii) the Additional Outperformance; provided, however, that if (i) the Determination Agent determines that at any time during the Reference Period the price of one Share has fallen to zero, or (ii) prior to the Determination Date the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Total Outperformance shall equal zero regardless of the declaration of an Eligible Dividend.

2. **FINAL REDEMPTION AMOUNT**

- 2.1 Unless the Certificates are previously redeemed or cancelled (whether pursuant to Condition 10.6 (*Redemption at the option of the Issuer*) or Condition 10.8 (*Redemption at the option of Noteholders*) or due to any other reason), each Certificateholder shall be deemed to have exercised a right to require the Issuer to redeem the Certificates on the Maturity Date and (i) if “Cash Settlement” is specified in the applicable Final Terms as being applicable, the Issuer shall redeem all outstanding Certificates on the Maturity Date at the Final Redemption Amount which shall be, in respect of such Certificates in aggregate, a cash amount in the Specified Currency equal to the product of the aggregate outstanding number of Certificates multiplied by the Cash Settlement Amount, rounded down to the nearest whole cent. and (ii) if “Physical Settlement” is specified in the applicable Final Terms as being applicable, the Issuer shall redeem all outstanding Certificates on the Maturity Date by delivery to each Certificateholder (or as it shall direct) of one Share in respect of each Certificate held by such Certificateholder. Condition 10.1 (*Scheduled Redemption*) shall be amended accordingly.

3. **ADDITIONAL TERMS AND CONDITIONS**

3.1 **Index Linked/other variable linked interest Note provision**

- (a) If the Interest Basis is specified as Index Linked/other variable linked interest Note provisions in the applicable Final Terms, the Issuer shall pay the Certificateholders the Interest Payment Amount on the Interest Payment Dates.
- (b) If an Interest Payment Amount is paid to the Certificateholders and the Share Issuer fails to pay the Eligible Dividend then the Cash Settlement Amount shall be reduced by the relevant Interest Payment Amount.

3.2 **Disruption**

- (a) If the Scheduled Determination Date is a Disrupted Day, then, subject to (b) below, the Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day.
- (b) If the Scheduled Determination Date and each of the eight Scheduled Trading Days immediately following such date is a Disrupted Day, then that eighth Scheduled Trading Day shall be deemed to be the Determination Date, notwithstanding the fact that it is a Disrupted Day.
- (c) If, as a result of (a) or (b) above, the Determination Date is not the Scheduled Determination Date then the Maturity Date shall be postponed until the second Business Day following such revised Determination Date.
- (d) Where the Determination Date is deemed to occur on any day pursuant to (b) above, the determination by the Determination Agent of the Cash Settlement Amount on that Determination Date shall be its good faith estimate of the price per Share that would have prevailed as of the Determination Time (or the time that would have been the Determination Time) on such day had it been a Scheduled Trading Day that was not a Disrupted Day.
- (e) The Determination Agent shall as soon as reasonably practicable under the circumstances notify the Issuer and the Fiscal Agent of the existence of a Market Disruption Event on any day that but for the occurrence or existence of a Market Disruption Event would have been a Determination Date.
- (f) For the purposes hereof:

“Disrupted Day” means any Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

“Early Closure” means the closure on any Exchange Business Day of the Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Determination Time on such Exchange Business Day.

“Exchange Business Day” means any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

“Market Disruption Event” means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Determination Time, or (iii) an Early Closure.

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or other trading outside of regular trading session hours.

“Scheduled Determination Date” means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Determination Date.

“Trading Disruption” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

3.3 Potential Adjustment Events

- (a) Following the declaration by the Share Issuer of the terms of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make such adjustment(s), if any, to any amount that is payable in respect of the Certificates and/or any other adjustment to the settlement, payment or other terms of the Certificates as the Determination Agent determines to be appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of such adjustment(s).
- (b) For the purposes hereof:

“Extraordinary Dividend” means the dividend per Share, or portion thereof, to be characterised as an Extraordinary Dividend as determined by the Determination Agent.

A **“Potential Adjustment Event”** means:

- (i) a subdivision, consolidation or reclassification of Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders whether by way of bonus, capitalisation or similar issue; or
- (ii) a distribution or dividend to existing holders of the Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Determination Agent; or
- (iii) an Extraordinary Dividend; or
- (iv) a call by the Share Issuer in respect of Shares that are not fully paid; or
- (v) a repurchase by the Share Issuer or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Determination Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares.

3.4 **Merger Events and Tender Offers**

- (a) Following the occurrence of a Merger Event or Tender Offer, (i) the Determination Agent shall notify the Issuer and the Fiscal Agent and the Issuer shall promptly notify the Certificateholders in accordance with the Conditions and (ii) the Determination Agent shall on or after the relevant Merger Date or (as the case may be) Tender Offer Date and, unless it determines that no such adjustment(s) that it could make will produce a commercially reasonable result, (A) make such adjustment(s) to the terms of the Certificates as the Determination Agent determines appropriate to account for the economic effect on the Certificates of such Merger Event or, as the case may be, Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Shares or the Certificates) which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or (as the case may be) Tender Offer by an options exchange, and (B) determine the effective date(s) of such adjustment(s).

- (b) For the purposes hereof:

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Determination Agent.

“Merger Event” means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Determination Date (as adjusted in accordance with these Conditions).

“Tender Offer” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Share Issuer, as determined by the Determination Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Determination Agent deems relevant.

“Tender Offer Date” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent).

3.5 **Redemption at the option of the Issuer and upon an Event of Default**

- (a) Condition 10.6 (*Redemption at the option of the Issuer*) shall apply to the Certificates provided, however, that:
- (i) the Issuer may redeem the Certificates pursuant to Condition 10.6 (*Redemption at the option of the Issuer*) in whole only and not in part;
 - (ii) the words “not less than 30 nor more than 60 days” shall be deleted from where they appear in Condition 10.6 (*Redemption at the option of the Issuer*) and replaced with the words “not less than 10 calendar days”;
 - (iii) **“Optional Redemption Date (Call)”** shall mean the date selected by the Issuer for the redemption of the Certificates where it elects to redeem the Certificates pursuant to Condition 10.6 (*Redemption at the option of the Issuer*) as specified in the notice contemplated therein; and

- (iv) **“Optional Redemption Amount (Call)”** means, in respect of a Certificate to be redeemed pursuant to Condition 10.6 (*Redemption at the option of Issuer*), an amount equal to the Early Redemption Amount as calculated in accordance with paragraph (b) below.
- (b) For the purposes of Condition 10.6 (*Redemption at the option of the Issuer*) and Condition 13 (*Events of Default*):

“Early Redemption Amount” means a cash amount in the Specified Currency calculated in the same manner as the Final Redemption Amount is calculated pursuant to paragraph 1.1 save that for this purpose:

- (i) the reference in paragraph 1.1(i) to the Maturity Date shall be construed as (a) in the case of an early redemption pursuant to Condition 10.6 (*Redemption at the option of the Issuer*), a reference to the Optional Redemption Date (Call) or (b) in the case of an early redemption pursuant to Condition 13 (*Events of Default*), a reference to the date (the **“Termination Date”**) on which the Certificates become due and payable in accordance with such Condition; and
- (ii) the Cash Settlement Amount shall be calculated as if:
 - (A) the Determination Date were the fifth Business Day (such date, the **“Early Redemption Determination Date”**) preceding (x) in the case of an early redemption pursuant to Condition 10.6 (*Redemption at the option of the Issuer*), the Optional Redemption Date (Call) or (y) in the case of an early redemption pursuant to Condition 13 (*Events of Default*), the Termination Date; and
 - (B) each of the Reference Period and the Additional Outperformance Period ended on (but excluded) the Early Redemption Determination Date.

3.6 **Redemption at the option of Certificateholders**

Condition 10.8 (*Redemption at the option of Noteholders*) shall apply to the Certificates provided, however, that:

- (i) the words “not less than 30 nor more than 60 days” shall be deleted from where they appear in Condition 10.8 (*Redemption at the option of Noteholders*) and replaced with the words “not less than 10 calendar days”;
- (ii) **“Optional Redemption Date (Put)”** shall mean the earlier of (i) the Determination Date and (ii) a date occurring after the Earliest Optional Redemption Date (Put) as selected by the relevant Certificateholder for the optional redemption of the Certificates in respect of which the Certificateholder's right pursuant to Condition 10.8 (*Redemption at the option of Noteholders*) is being exercised and specified in the Put Option Notice duly completed and deposited by such Certificateholder in accordance with Condition 10.8 (*Redemption at the option of Noteholders*); and
- (iii) **“Optional Redemption Amount (Put)”** means, in respect of a Certificate to be redeemed pursuant to Condition 10.8 (*Redemption at the option of Noteholders*), a cash amount in the Specified Currency calculated in the same manner as the Final Redemption Amount is calculated pursuant to paragraph 1.1 save that for this purpose the Cash Settlement Amount shall be calculated as if (a) the Determination Date were the fifth Business Day preceding the Optional Redemption Date (Put) and (b) each of

the Reference Period and the Additional Outperformance Period ended on (but excluded) the fifth Business Day preceding the Optional Redemption Date (Put); and

- (iv) **“Earliest Optional Redemption Date (Put)”** has the meaning given to it in the applicable Final Terms.

3.7 **European currency related adjustments**

If the Shares were quoted, listed and/or dealt as of the Pricing Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the EC Treaty, and are at any later time quoted, listed and/or dealt exclusively in euro on the Exchange, then the Determination Agent will adjust any amount that is payable in respect of the Certificates and/or any other settlement, payment or other terms of the Certificates as the Determination Agent determines appropriate to preserve the economic terms of the Certificates. The Determination Agent will make any conversion necessary for purposes of such adjustment as of the Determination Time at an appropriate mid-market spot rate of exchange determined by the Determination Agent prevailing as of the Determination Time. No adjustments under this paragraph 2.6 will affect the currency denomination of the Issuer's payment obligations under the Certificates.

3.8 **Correction of Share Price**

- (a) In the event that any price published on the Exchange and which is utilised by the Determination Agent for any determination (the **“Original Determination”**) is subsequently corrected and the correction (the **“Corrected Value”**) is published by the Exchange prior to the Last Possible Determination Date and within one Settlement Cycle after the original publication, then the Determination Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the **“Replacement Determination”**) using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent that it determines to be necessary, the Determination Agent may adjust any relevant terms accordingly.

- (b) For the purposes hereof:

“Clearance System” means the principal domestic clearance system customarily used for settling trades in the relevant Share at any relevant time, as determined by the Determination Agent.

“Clearance System Business Day” means any day on which the Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

“Settlement Cycle” means the period of Clearance System Business Days following a trade in the Shares on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the relevant Clearance System cannot clear the transfer of the Share.

3.9 **Denominations**

Condition 3.2 (*Denomination of Bearer Notes*) shall be amended by the deletion of the words “All Notes will be issued with a Specified Denomination of at least EUR 1,000 (or its equivalent in the

currency in which such Note is denominated)” and Condition 3.3 (*Denomination of Registered Notes*) shall be amended by the deletion of the word “minimum” and.

3.10 Determinations

Whenever any matter falls to be determined, considered or otherwise decided upon by the Determination Agent or any other person (including where a matter is to be decided by reference to the Determination Agent’s or such other person’s opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Determination Agent or such other person, as the case may be, in its sole and absolute discretion. Any amount payable with respect to a Certificate shall be rounded down to the nearest whole cent provided that where a single Certificateholder is the Certificateholder of more than one Certificate the amount paid to him may be the figure resulting from aggregation of the amounts determined (without rounding) in respect of the relevant Certificates, and then rounded down to the nearest whole cent.

3.11 Final Terms for Equity Linked Certificates

For the purpose of the terms and conditions of the Certificates in respect of which this Product Supplement is specified to be applicable, the following terms shall be deemed to be incorporated into the Final Terms issued in relation to such Certificates:

- | | | |
|----|---|---|
| 1. | (i) Issuer: | Morgan Stanley B.V. |
| | (ii) Guarantor: | Morgan Stanley |
| 2. | Specified Currency or Currencies | [] |
| 3. | Issue Price: | 100 per cent. of Par |
| 4. | (i) Redemption/Payment Basis: | As provided in the Equity Linked Certificate Product Supplement, subject to paragraph 18 below. |
| | (ii) Cash Settlement or Physical Settlement | Cash Settlement shall be applicable. |
| 5. | Change of Interest or Redemption/Payment Basis: | Not applicable |
| 6. | Put/Call Options: | |
| | (i) Redemption at the option of the Issuer:
(Condition 10.6) | Applicable, subject to paragraph 3.5 of the Equity Linked Certificates Product Supplement |
| | (ii) Redemption at the option of the Noteholders:
(Condition 10.8) | Applicable, subject to paragraph 3.6 of the Equity Linked Certificates Product Supplement |
| | (iii) Other Put/Call Options: | Not applicable |
| 7. | (i) Status of the Notes: | Senior. Condition 4 is |

	(Condition 4)	applicable.
(ii)	Status of the Guarantee:	Senior. Condition 4 is applicable.
8.	Method of distribution:	Non-syndicated.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

9.	Fixed Rate Note Provisions (Condition 5)	Not Applicable
10.	Floating Rate Note Provisions (Condition 6)	Not Applicable
11.	Zero Coupon Note Provisions (Condition 7)	Not Applicable
12.	Dual Currency Note Provisions (Condition 8)	Not Applicable

PROVISIONS RELATING TO REDEMPTION

13.	Call Option (Condition 10.6)	Applicable, subject to paragraph 3.5 of the Equity Linked Certificate Product Supplement
14.	Put Option (Condition 10.8)	Applicable, subject to paragraph 3.6 of the Equity Linked Certificate Product Supplement
15.	Final Redemption Amount of each Note	See paragraph 1 of the Equity Linked Certificates Product Supplement
16.	Early Termination Amount and Redemption Amount upon early redemption (Condition 10.2, 10.4, 10.9, 10.10 and 13)	Conditions 10.2 (Tax redemption) and 10.4 (Special Tax Redemption) shall not apply to the Certificates.
	Early Termination Amount payable on Event of Default and Redemption Amount(s) payable on early redemption:	The Early Termination Amount payable in respect of the aggregate of the Certificates to be redeemed upon the occurrence of an Event of Default pursuant to Condition 13 (<i>Events of Default</i>), and the Optional Redemption Amount (Call) payable in respect of the aggregate of the Certificates to be redeemed upon a redemption of the Certificates pursuant to Condition 10.6

(Redemption at the option of the Issuer) shall, in each case, be an amount equal to the Early Redemption Amount as calculated in accordance with paragraph 3.5 of the Equity Linked Certificates Product Supplement.

The Optional Redemption Amount (Put) payable in respect of each Certificate to be redeemed upon a redemption of such Certificate pursuant to Condition 10.8 (*Redemption at the option of Noteholders*) shall be an amount equal to the Optional Redemption Amount (Put) as calculated in accordance with paragraph 3.6 of the Equity Linked Certificates Product Supplement.

- | | | |
|-----|---|----------------|
| 17. | Governing Law: | English law |
| 18. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:

(Condition 11.7) | Not Applicable |
| 19. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not applicable |

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

- | | | |
|-----|---|----------------|
| 20. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 21. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 22. | Redenomination, renominatisation and reconventioning provisions:
(Condition 22) | Not Applicable |

- | | | |
|-----|---------------------------|--|
| 23. | Consolidation provisions: | Not Applicable |
| 24. | Other final terms: | The Equity Linked Certificates Product Supplement shall be applicable. |

DISTRIBUTION

- | | | |
|-----|--|----------------|
| 25. | (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager(s) (if any): | Not Applicable |
| 26. | Total commission and concession: | Not Applicable |

27. LISTING

- | | | |
|-------|---|--|
| (i) | Listing: | Dublin |
| (ii) | Admission to trading: | Application has been or will be made for the Certificates to be admitted to trading on the Irish Stock Exchange. |
| (iii) | Estimate of total expenses related to admission to trading: | All expenses related to the admission to trading will be paid by the Distribution Agent |

28. RATINGS

- | | |
|----------|---|
| Ratings: | The Certificates to be issued have not been rated |
|----------|---|

29. NOTIFICATION

Not Applicable

30. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “Subscription and Sale and Transfer Restrictions”, so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer.

31. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-----|-----------------------|--|
| (i) | Reasons for the offer | The net proceeds from the sale of Notes will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer’s obligations under the Notes, or both. |
|-----|-----------------------|--|

	(ii) Estimated net proceeds:	Aggregate Principal Amount of the Notes
	(iii) Estimated total expenses:	the Distribution Agent
32.	YIELD	Not Applicable
33.	HISTORIC INTEREST RATES	Not Applicable
34.	PERFORMANCE OF SHARES AND EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS	<p>Information regarding the performance and volatility of the Shares can be obtained from the Exchange and/or the Share Issuer.</p> <p>Neither the Issuer nor the Guarantor accepts any responsibility for any information obtained in relation to the Share.</p> <p>A description of how the value of the Certificate is affected by the Share is set out in "Risk Factors Relating to the Notes - Risk factors specific to Notes issued where the Equity Linked Certificate Product Supplement is Applicable" and the Conditions.</p>
35.	PERFORMANCE OF RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT	Not Applicable
36.	Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking Société Anonyme and DTC and the relevant identification number(s):	Not Applicable
37.	Delivery:	Delivery free of payment
38.	Names and addresses of additional Paying Agent(s) (if any):	None

**PRO FORMA FINAL TERMS FOR THE EQUITY LINKED CERTIFICATES IN RELATION
TO WHICH THE EQUITY LINKED CERTIFICATES PRODUCT SUPPLEMENT IS
APPLICABLE**

Final Terms dated [•]

Morgan Stanley B.V.

Issue of EUR [] Equity Linked Certificates due [] linked to []

Guaranteed by Morgan Stanley

under the Program for the Issuance of Notes,

PART A – CONTRACTUAL TERMS

THE CERTIFICATES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT. SUBJECT TO CERTAIN EXCEPTIONS, THE CERTIFICATES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

This document constitutes Final Terms relating to the issue of Certificates described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Securities Note dated [•] (and the Registration Document dated 7 April 2006) [and the supplemental Securities Note dated [•]]¹ which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].] All references in these Final Terms to a Certificate or a Certificateholder shall be construed as references respectively to a Note or a Noteholder for all purposes of the Conditions, the Issue and Paying Agency Agreement dated 7 April 2006 and all other documentation relating to the Program.

Information Concerning Investment Risk

Certificateholders and prospective purchasers of Certificates should ensure that they understand the nature of the Certificates and the extent of their exposure to risk and that they consider the suitability of the Certificates as an investment in the light of their own circumstances and financial condition. An investment in the Certificates entails risks not associated with investments in a conventional debt security, as described in section entitled “Risk Factors Relating to the Notes” on page [75] of the Securities Note. Unless the Certificates are previously redeemed or purchased and cancelled, the Certificateholders shall be deemed automatically to have exercised a right to put the Certificates on the

¹ Only include details of a supplemental Base Prospectus in which the Conditions have been amended for the purposes of all issues under the Program.

Determination Date and the Certificates will be redeemed on the Maturity Date at an amount determined in accordance with the Equity Linked Certificates Product Supplement by reference to the Shares (as defined in the Equity Linked Certificates Product Supplement). The performance of the Shares will therefore affect the nature and value of the investment return on the Certificates. Certificateholders and prospective purchasers of Certificates should conduct their own investigations and, in deciding whether or not to purchase Certificates, prospective purchasers should form their own views of the merits of an investment related to the Shares based upon such investigations and not in reliance on any information given in these Final Terms or, if applicable, any listing document prepared in connection with the listing of the Certificates.

Given the highly specialised nature of these Certificates, the Issuer, the Guarantor and Morgan Stanley & Co. International Limited (the “Dealer”) consider that they are only suitable for sophisticated investors who are able to determine for themselves the risk of an investment linked to the Shares and who are able to bear the loss of any amount invested. Consequently, if you are not such an investor you should not consider purchasing these Certificates without taking detailed advice from a specialised professional adviser.

No interest is payable on the Certificates. The Certificates have been designed for investors who are willing to forgo market floating rate interest payments on the Certificates in exchange for the Cash Settlement Amount (as defined in the Equity Linked Certificates Product Supplement).

In purchasing any Certificates, purchasers will be deemed (a) to represent and undertake to the Issuer, the Guarantor, the Dealer and their respective affiliates (i) that such purchaser understands the characterisation of and risks and potential consequences associated with the purchase of the Certificates; (ii) that such purchaser has consulted with its own legal, regulatory, investment, accounting, tax and other advisors to the extent it believes is appropriate to assist it in understanding and evaluating the risks involved and the consequences of purchasing the Certificates; (iii) that such purchaser has made its own independent decisions to purchase the Certificates and as to whether the Certificates are appropriate or proper for it based upon its own judgement and upon advice from such advisors (including, but not limited to, legal, regulatory, investment, accounting and tax) as it has deemed necessary; (iv) that such purchaser is not relying on any communication (written or oral) of the Issuer, the Guarantor, the Dealer or any of their affiliates as investment advice or as a recommendation to purchase the Certificates (it being understood that information and explanations related to the terms and conditions of the Certificates shall not be considered investment advice or a recommendation to purchase the Certificates); (v) that such purchaser is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understand and accepts, the terms, conditions and risks and potential consequences of (or associated with a purchase of) the Certificates; (vi) that such purchaser is capable of assuming, and assumes, the risks of the Certificates (it being understood that no communication (written or oral) received from Issuer, the Guarantor, the Dealer or any of their affiliates shall be deemed to be an assurance or guarantee as to the expected results of the Certificates); and (b) to acknowledge and agree that none of the Issuer, the Guarantor, the Dealer and their affiliates is acting as a fiduciary or an advisor to it in respect of the Certificates.

1. (i) Series Number: []
- (ii) Tranche Number: []
2. Aggregate Principal Amount of []
Certificates admitted to trading:
 - (i) Series: []
 - (ii) Tranche: []
3. Specified Denomination (Par): [] per Certificate.
(Condition 3)
4. Issue Date: []
5. Maturity Date: []
6. Interest Basis: [Index Linked/other Variable Linked Interest Linked
Note/Not Applicable]
7. Equity Linked Certificate Applicable
Product Supplement: (Condition 9)
 - (i) Additional Outperformance [] per cent.
Weighting:
 - (ii) Determination Date: []
 - (iii) Exchange: The principal stock exchange on which the Share is
principally traded, as determined by the Determination
Agent.
 - (iv) Cash Settlement Amount: [As determined by the Determination Agent, the Share
Final Value plus the Net Yield plus the
[Outperformance/Total Outperformance]], subject to
paragraph 3.1(b) of the Equity Linked Certificates Product
Supplement.
 - (v) Net Yield Weighting: [] per cent.
 - (vi) Outperformance Weighting: [] per cent.
 - (vii) Pricing Date: []
 - (viii) Related Exchange: [Name of Related Exchange/Not Applicable]
 - (ix) Share Bloomberg Ticker and [] and []
ISIN:
 - (x) Share Issuer: [Name of Issuer of Shares]
8. Index-Linked Interest Note/other [Applicable, subject to paragraph 3 of the Equity Linked
variable linking interest Note Certificated Product Supplement/Not Applicable]
Permissions (Condition 6)

9. Earliest Optional Redemption []
Date (Put):

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

10. Form of Certificates: [Bearer Notes:
(Condition 3) Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 30 days' notice in the limited circumstances specified in the Permanent Global Note]
[Registered Notes:
Notes in registered form may not be exchanged for Notes in bearer form]
11. Additional selling restrictions: []
12. ISIN: []
13. Common Code: []
14. WKN: []
13. If non-syndicated, name and address of Distribution Agent: [Morgan Stanley & Co International Limited /Morgan Stanley & Co. Incorporated/[●]]
14. Whether TEFRA D or TEFRA C []
rules applicable or TEFRA rules applicable:

LISTING AND ADMISSION TO TRADING APPLICATION

It is intended that after the Issue Date application will be made to the Irish Stock Exchange for the Certificates to be admitted to its Official List and trading in its regulated market. No assurance can be given as to whether or not, or when, such application will be granted.

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Certificates described herein pursuant to the Program for the Issuance of Notes by Morgan Stanley B.V..

RESPONSIBILITY

The Issuer accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:
Duly authorised

PRO FORMA FINAL TERMS FOR THE NOTES

Final Terms dated [•]

Morgan Stanley B.V.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Morgan Stanley

under the Program for the Issuance of Notes,

PART A – CONTRACTUAL TERMS

THE NOTES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Securities Note dated [•] (and the Registration Document dated [•]) [and the supplemental Securities Note dated [•]]² which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

Information Concerning Investment Risk

[]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplemental Base Prospectus dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplemental Base Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplemental Base Prospectuses dated [•]]

² Only include details of a supplemental Base Prospectus in which the Conditions have been amended for the purposes of all issues under the Program.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

1.	[(i)]	Issuer:	Morgan Stanley B.V.
	[(ii)]	[Guarantor:]	[Morgan Stanley]
2.	[(i)]	Series Number:	[]
	[(ii)]	[Tranche Number:	[]
		(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.		Specified Currency or Currencies:	[]
4.		Aggregate Principal Amount [of Notes admitted to trading] ³ :	[]
	[(i)]	Series:	[]
	[(ii)]	Tranche:	[]
5.		Issue Price:	[] per cent of the Aggregate Principal Amount [plus accrued interest from <i>[insert date]</i> (<i>if applicable</i>)]
6.		Specified Denominations (Par): (Condition 3)	[]
7.	[(i)]	Issue Date:	[]
	[(ii)]	Interest Commencement Date	[]
8.		Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9.		Interest Basis:	[• % Fixed Rate] [[<i>specify reference rate</i>] +/- • % Floating Rate] [Zero Coupon] [Index Linked Interest]

³ Delete for Notes with a denomination per Note of less than EUR50,000

- [Other (*specify*)]
[Not applicable]
(further particulars specified below)
10. Redemption/Payment Basis⁴: [Redemption at par]
[Equity Linked Redemption]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis/Not applicable]
12. Put/Call Options:
- (i) Redemption at the option of the Issuer: [Applicable/Not applicable]
(Condition 10.6)
- (ii) Redemption at the option of the Noteholders: [Applicable /Not applicable]
(Condition 10.8)
- (iii) Other Put/Call Options: [Applicable/Not applicable]
13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/]
(Condition 4)
- [(ii)] Status of the Guarantee: [Senior/[Dated/Perpetual]/]
- [(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify*]]

⁴ If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]

- (iii) Fixed Coupon Amount[(s)]: [] per [] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ISMA]/ISDA) / other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(Condition 6) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
 - (i) Specified Interest Payment Dates: []
 - (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
 - (iii) Additional Business Centre(s): []
 - (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
 - (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): []
 - (vi) Screen Rate Determination:
 - Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - (vii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - (viii) Margin(s): [+/-][] per cent per annum

- (ix) Minimum Rate of Interest: [] per cent per annum
- (x) Maximum Rate of Interest: [] per cent per annum
- (xi) Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
17. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (Condition 6)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
(Need to include a description of market disruption or settlement disruption events and adjustment provisions)
- (vi) Interest or calculation period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other
(give details)]
- (ix) Business Centre(s): []
- (x) Minimum Rate/Amount of Interest: [] per cent per annum
- (xi) Maximum Rate/Amount of [] per cent per annum

Interest:

(xii) Day Count Fraction: []

18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(Condition 7) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) [Amortisation/Accrual] Yield: [] per cent per annum

(ii) Reference Price: []

(iii) Any other formula/basis of determining amount payable: []

19. **Dual Currency Note Provisions** [Applicable/Not Applicable]

(Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[Need to include a description of market disruption or settlement disruption events and adjustment provisions.]*

(iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/ Not Applicable]

(Condition 10.6) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination

(iii) If redeemable in part:

(c) Minimum Redemption Amount: []

(d) Maximum Redemption Amount: []

- (iv) Notice period []
21. **Put Option** [Applicable /Not Applicable]
- (Condition 10.8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) [] per Note of [] specified denomination of each Note and method, if any, of calculation of such amount(s):
- (iii) Notice period []
22. **Final Redemption Amount of each Note** [[] per Note of [] specified denomination /other]
- (Condition 10.1) [give or annex details]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: []
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: []
- (viii) Maximum Final Redemption Amount:
23. **Early Termination Amount and Redemption Amount upon**

early redemption

(Condition 10.2, 10.4, 10.9, 10.10 and 13)

Early Redemption Amount(s) of []
each Note payable on
redemption for taxation reasons
or on event of default or other
early redemption and/or the
method of calculating the same
(if required or if different from
that set out in the Conditions):

24. Governing Law: [English law]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: (Condition 3)
- Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes, bearer form, on [] days' notice]
- [Temporary Global Note exchangeable for Definitive Notes, registered form, on [] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes, bearer form, on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- Registered Notes:
- [Notes in registered form may not be exchanged for Notes in bearer form]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: (Condition 11.7)
- [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):
- [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and
- [Not Applicable/give details]

date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] [annexed to these Final Terms] apply]
(Condition 22)
31. Consolidation provisions: [Not Applicable/The provisions [in Condition •] [annexed to these Final Terms] apply]
32. Other final terms: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names [and addresses]⁵ of Managers [and underwriting commitments]⁶ [Not Applicable/*give names[, addresses and underwriting commitments]*⁷
*[(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)]*⁸
- (ii) [Date of [Subscription] Agreement: []]⁹
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name [and [Not Applicable/*give name [and address]*¹¹]

⁵ Delete for Notes with a denomination per Note of EUR50,000 or more

⁶ Delete for Notes with a denomination per Note of EUR50,000 or more

⁷ Delete for Notes with a denomination per Note of EUR50,000 or more

⁸ Delete for Notes with a denomination per Note of EUR50,000 or more

⁹ Delete for Notes with a denomination per Note of EUR50,000 or more

address]¹⁰ of Dealer:

35. Whether TEFRA D or TEFRA C []
rules applicable or TEFRA rules
applicable:

36. [Total commission and [] per cent. of the Aggregate Nominal Amount]¹²
concession:

37. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Program for the Issuance of Notes by Morgan Stanley B.V..

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by •, no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

¹⁰ Delete for Notes with a denomination per Note of EUR50,000 or more

¹¹ Delete for Notes with a denomination per Note of EUR50,000 or more

¹² Delete for Notes with a denomination per Note of EUR50,000 or more

PART B – OTHER INFORMATION

1. LISTING

- (ix) Listing: [Irish/other (*specify*)/None]
- (x) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

- (xi) [Estimate of total expenses related to admission to trading: []]¹³

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: []]
[Moody's: []]
[[Other]: []]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*¹⁴

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

3. [NOTIFICATION]

The [*include name of competent authority in home Member State*] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Program and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale and Transfer Restrictions”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

¹³ Delete for Notes with a denomination per Note of less than EUR50,000

¹⁴ Delete for Notes with a denomination per Note of EUR50,000 or more

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer []

(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds: •

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: • [Include breakdown of expenses.]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. **[Fixed Rate Notes only – YIELD**

Indication of yield: •

[Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above,]¹⁵ the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. **[[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]]¹⁶

8. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS] ¹⁷ AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident] ¹⁸. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

¹⁵ Delete for Notes with a denomination per Note of EUR50,000 or more

¹⁶ Delete for Notes with a denomination per Note of EUR50,000 or more

¹⁷ Delete for Notes with a denomination per Note of EUR50,000 or more

¹⁸ Delete for Notes with a denomination per Note of EUR50,000 or more

9. **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]** ¹⁹

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]] ²⁰

10. **OPERATIONAL INFORMATION**

ISIN Code: []

Common Code: []

CUSIP []

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking Société Anonyme and DTC and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of [] additional Paying Agent(s) (if any):

¹⁹ Delete for Notes with a denomination per Note of EUR50,000 or more

²⁰ Delete for Notes with a denomination per Note of EUR50,000 or more

FORM OF THE BEARER NOTES

Unless otherwise specified in the applicable Final Terms, each issuance of bearer Notes (“**Bearer Notes**”) having a maturity of more than 183 days (and any Tranche thereof) will initially be in the form of a temporary global note (a “**Temporary Global Note**”), without interest coupons. Each Temporary Global Note will be deposited on or around the issue date of such Notes (or any Tranche thereof) with a depositary or a common depositary (a “**Bearer Note Depositary**”) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Upon deposit of each Temporary Global Note, Euroclear or Clearstream, Luxembourg or, as applicable, any other relevant clearing system, will credit each subscriber with a principal amount of Notes equal to the principal amount for which it has subscribed and paid.

The interests of the beneficial owner or owners in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (a “**Permanent Global Note**” and, together with a Temporary Global Note, the “**Global Notes**”), without interest coupons, to be held by a Bearer Note Depositary after the date (the “**Exchange Date**”) that is 40 days after the date on which the Issuer receives the proceeds of the sale of that Note (or the relevant Tranche thereof) (the “**Closing Date**”) only upon certification as to non-U.S. beneficial ownership. The Exchange Date for any Note held by a Distribution Agent (as defined in “Subscription and Sale and Transfer Restrictions” - see page [136] of this Securities Note) as part of an unsold allotment or subscription more than 40 days after the Closing Date for that Note will be the day after the date that Note is sold by that Distribution Agent. However, that exchange will be made only upon receipt of Ownership Certificates (as defined below). No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. Each issuance of Notes having a maturity of 183 days or less will be in the form of a Permanent Global Note.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of the first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”), which will be serially numbered, with coupons, if any, attached if:

- (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any Note is accelerated following any of the circumstances described in “Terms and Conditions of the Notes”.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons (as defined in “Terms and Conditions of the Notes” above) and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange. The Bearer Note Depositary for Euroclear and Clearstream, Luxembourg or, as applicable, any other relevant clearing system will instruct the Fiscal Agent regarding the aggregate principal amount and denominations of Definitive Notes that must be authenticated and delivered to each of Euroclear and Clearstream, Luxembourg or, as applicable, any other relevant clearing system. Definitive Notes may not be delivered in the United States. Definitive Notes will be serially numbered.

Terms and Conditions Applicable to the Notes

The terms and conditions of any Definitive Note will be endorsed on that Definitive Note and will consist of the terms and conditions set out under “Terms and Conditions of the Notes”, as set out above (or in the relevant Supplemental Securities Note) and the provisions of the applicable Final Terms and Product Supplement (if any), which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

Tax Legend Concerning United States Persons

In the case of Bearer Notes (or any Tranche thereof) having a maturity of more than 183 days, the Global Notes, the Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Any Bearer Notes (or any Tranche thereof) having a maturity of 183 days or less must have a minimum face and principal amount of U.S.\$500,000 and bear the following legend:

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Internal Revenue Code and regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Internal Revenue Code and regulations thereunder).”

Tax Limitations on Issuance of Bearer Notes

[In compliance with United States federal income tax laws and regulations, Bearer Notes, including Bearer Notes in global form, may not be offered, sold or delivered, directly or indirectly, in the United States or its possessions or to United States persons, as defined below, except as otherwise permitted by United States Treasury Regulations Section 1.163-5(c)(2)(i)(D).] Any underwriters, agents or dealers participating in the offerings of Bearer Notes, directly or indirectly, must agree that (i) they will not, in

connection with the original issuance of any Bearer Notes or during the restricted period with respect to such Bearer Notes (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) (the “**Restricted Period**”), offer, sell or deliver, directly or indirectly, any Bearer Notes in the United States or its possessions or to United States persons, other than as permitted by the applicable Treasury Regulations described above; and (ii) they will not, at any time offer, sell or deliver, directly or indirectly, any Bearer Notes in the United States or its possessions or to United States persons, other than as permitted by the applicable Treasury Regulations above.

In addition, any underwriter, agent or dealer must have procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware of the above restrictions on the offering, sale or delivery of Bearer Notes.

Bearer Notes, other than Bearer Notes that satisfy the requirements of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(iii) and any coupons or talons appertaining thereto, will not be delivered in definitive form, and no interest will be paid thereon, unless the Issuer has received a signed certificate in writing, or an electronic certificate described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(ii), (an “**Ownership Certificate**”) stating that on the date of the Ownership Certificate that bearer note:

- (1) is owned by a person that is not a United States person;
- (2) is owned by a United States person that is described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6); or
- (3) is owned by a United States or foreign financial institution for the purposes of resale during the Restricted Period,

and, in addition, if the owner of the Bearer Note is a United States or foreign financial institution described in clause (3) above, whether or not also described in clause (1) or clause (2) above, the financial institution certifies that it has not acquired the Bearer Note for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

The Issuer will make payments on Bearer Notes only outside the United States and its possessions except as permitted by the above regulations.

As used herein, “**United States person**” means, for United States federal income tax purposes, (i) a citizen or resident of the United States; (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof; or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Additional United States Transfer Restriction

Notwithstanding anything to the contrary herein, no Bearer Note, whether in definitive or global form, shall be offered, sold or delivered at any time to, or for the account or benefit of, a U.S. person (as defined in the U.S. internal revenue code of 1986, as amended, and regulations thereunder).

FORM OF REGISTERED NOTES

Form of Registered Notes

Notes in registered form (“**Registered Notes**”) will not have interest coupons attached. Registered Notes which are offered and sold outside the United States in reliance on Regulation S (“**Unrestricted Notes**”) will be represented by interests in a global Registered Note certificate (an “**Unrestricted Global Note Certificate**”). The Unrestricted Global Note Certificate will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depositary on behalf of, Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

Registered Notes offered and sold in reliance on Rule 144A (“**Restricted Notes**”) will be represented by interests in a global Registered Note certificate (a “**Restricted Global Note Certificate**” and together with the Unrestricted Global Note Certificate, a “**Global Note Certificate**”). The Restricted Global Note Certificate will be registered in the name of Cede & Co. as nominee for DTC and will be deposited on or about the Issue Date with the DTC Custodian as custodian for DTC. Interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, and Clearstream, Luxembourg and their direct and indirect participants. Individual Note Certificates (“**Individual Note Certificates**”) evidencing holdings of Registered Notes will only be available in certain limited circumstances as described below under “Exchange of Interests in Global Note Certificates for Individual Note Certificates”..

Exchange of Interest in Global Note Certificates for Individual Note Certificate

Registration of title to Notes initially represented by the Global Note Certificates in a name other than DTC, Euroclear or Clearstream, Luxembourg or a successor depositary or one of their respective nominees will not be permitted unless (a) such depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the relevant Global Note Certificate or ceases to be a clearing agency (as defined in the Exchange Act), or is at any time no longer eligible to act as such, and the Issuer is (in the case of it ceasing to be depositary) unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary or (b) any of the circumstances described in [Condition 13 (*Events of Default*)] occurs or (c) DTC, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

In such circumstances, the Issuer shall procure the delivery of Individual Note Certificates in exchange for the Unrestricted Global Note Certificate and/or the Restricted Global Note Certificate. A person having an interest in a Global Note Certificate must provide the Registrar (through DTC, Euroclear and/or Clearstream, Luxembourg) with (i) such information as the Issuer and the registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) and (ii) (in the case of the Restricted Global Note Certificate only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (1) that such holder is not transferring its interest at the time of such exchange or (2) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB/QP and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out above under “Subscription and Sale and Transfer Restrictions”.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued within five business days to the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Note Certificate at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time in relation to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the due date for their delivery in exchange for interests in a Global Note Certificate or (b) any of the Notes represented by a Global Note Certificate has become due and payable in accordance with the conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the registered Holder of such Global Note Certificate in accordance with its terms on the due date for payment, then such Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the registered Holder will have no further rights under such Global Note Certificate

The Registrar will not register the transfer of or exchange of interests in a Global Note Certificate for Individual Note Certificates (i) for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes; (ii) during the period 15 days before any date on which Registered Notes may be called for redemption by the Issuer at its option pursuant to Condition [10.6 (*Redemption at the option of the Issuer*)] above; or (iii) after any such Registered Note has been called for redemption.

DTC Book-Entry Ownership of Global Note Certificates

The Issuer has applied to DTC, Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry settlement systems of the Registered Notes. The Unrestricted Registered Notes will have a common code and an ISIN. The Issuer has also applied to DTC for acceptance in its book entry settlement system of the Restricted Registered Notes. The Restricted Registered Notes will have a CUSIP number.

The DTC Custodian and DTC will record electronically the principal amount of the Notes represented by the Restricted Global Note Certificate held within the DTC system. Investors shall hold their interests in the Restricted Global Note Certificate directly through DTC, if they are participants in DTC, or indirectly through organisations which are participants in DTC.

The common depositary and Euroclear and Clearstream, Luxembourg will record electronically the principal amount of the Notes represented by the Unrestricted Global Note Certificate held within Euroclear and Clearstream, Luxembourg. Investors shall hold their interests in the Unrestricted Global Note Certificate directly through Euroclear and Clearstream, Luxembourg, if they are participants in Euroclear and Clearstream, Luxembourg, or indirectly through organizations which are participants in Euroclear and Clearstream, Luxembourg.

Payments of the principal of, interest on and any other amounts payable under each Restricted Global Note Certificate registered in the name of DTC's nominee will be made to or to the order of its nominee as the registered Holder of such Restricted Global Note Certificate. Payments of the principal of, interest on and any other amounts payable under each Unrestricted Global Note Certificate registered in the name of the common depositary acting on behalf of Euroclear and Clearstream, Luxembourg will be made to or to the order of the common depositary as the registered holder of such Unrestricted Global Note

Certificate. The Issuer expects that the nominee or common depositary, as the case may be, upon receipt of any such payment, will immediately credit participants' accounts with payments in amounts proportionate to their respective interests in the principal amount of the relevant Global Note Certificate as shown on the records of the nominee or common depositary, as the case may be. The Issuer also expects that payments by participants to owners of interests in such Global Note Certificate held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants. None of the Issuer, the Registrar, any Transfer Agent or any paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Note Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

While a Global Note Certificate is lodged with DTC or its custodian, Notes represented by Individual Note Certificates will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Transfer of Interests in Global Note Certificates

Transfer of interests in Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Subscription and Sale and Transfer Restrictions", cross-market transfers between DTC participants, on the one hand, and Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected in DTC in accordance with DTC rules and procedures and on behalf of Clearstream, Luxembourg (as the case may be) or Euroclear by its respective depositary. However, such cross-market transactions will require delivery of instructions to Clearstream, Luxembourg or (as the case may be) Euroclear by the counter party in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or (as the case may be) Euroclear will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Note Certificate in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg account holders and Euroclear account holders may not deliver instructions directly to the depositaries for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, credits of Notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear account holder on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream, Luxembourg account holder or a Euroclear account holder to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The arrangements for transfer of payments must be established separately from the arrangement for transfer of Notes, the latter being effected on a free delivery basis. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not effected.

For a further description of restrictions on the transfer of Notes, see “Subscription and Sale and Transfer Restrictions”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Note Certificates are credited, and only in respect of such portion of the aggregate principal amount of the Global Note Certificates as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Global Note Certificates for Individual Note Certificates (which will, in the case for Restricted Notes, bear the legend set out under “Subscription and Sale and Transfer Restrictions”).

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, the Registrar nor any Transfer Agent or any Paying agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Bearer Notes (or any Tranche thereof) represented by a Global Note, references in the “Terms and Conditions of the Notes” to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a Bearer Note Depositary, will be that Bearer Note Depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note, including any right to exchange any exchangeable Notes or any right to require the Issuer to repurchase such Notes. The respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time will determine the extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note and the timing requirements for meeting any deadlines for the exercise of those rights. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note, as the case may be, in respect of each amount so paid.

So long as DTC or its nominee is the registered holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner of the Notes represented by such Registered Global Notes for all purposes under the Issue and Paying Agency Agreement and such Notes, except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Exchange of Temporary Global Notes

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the terms and conditions of such Temporary Global Note as set out in “Terms and Conditions of the Notes” or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have in respect of the Notes under the deed of covenant to be executed by the Issuer (the “**Deed of Covenant**”)). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note in respect of the Notes will acquire directly against the Issuer all those rights to which they would have been entitled

if, immediately before such Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of the Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the terms and conditions of such Permanent Global Note as set out in “Terms and Conditions of the Notes” or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have in respect of the Notes under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system in force as being entitled to an interest in a Permanent Global Note in respect of the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of the Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Permanent Global Note Certificates

If the Final Terms states that Registered Notes are to be represented by a permanent Global Note Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg (in the case of Unrestricted Registered Notes) and DTC (in the case of Restricted Registered Notes) or such other relevant clearing system, as the case may be. These provisions will not prevent the trading of interests in the Registered Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Registered Notes represented by any Global Note Certificate pursuant to Condition 3.5 may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or DTC, or such other relevant clearing system, as the case may be and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
- (b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) above, the holder of such Registered Note (the “**Registered Holder**”) has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer. Where the holding of Notes represented by a Global Note Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Note Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Note Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or DTC and/or such other relevant clearing system, as the case may be.

Specified Denomination of the Notes

Other than Equity Linked Certificates, each Note will be issued with the Specified Denomination of at least EUR 1,000 per Note, save that in respect of any Series of Registered Notes, Restricted Registered Notes shall be in minimum denominations of U.S.\$100,000 (or the equivalent in the currency in which any Note is denominated). For so long as the Notes are represented by a Global Note or a Global Note Certificate, as the case may be, and Euroclear and Clearstream, Luxembourg and/or DTC, as the case may be, so permit, the Notes shall be tradable in minimum nominal amounts of at least EUR 1,000 per Note (or its equivalent) (save in respect of Equity Linked Certificates in which case such Notes will be tradable in minimum nominal amounts equal to the Specified Denomination specified in the applicable Final Terms) and integral multiples of any amount thereafter save that in the case of Registered Notes, Restricted Registered Notes shall be tradable in minimum denominations of U.S.\$100,000 and higher integral multiples of U.S.\$1,000 thereafter, as specified in the applicable Final Terms. If Definitive Notes are required to be issued in the limited circumstances specified in the Permanent Global Note they will only be printed and issued in denominations of at least EUR 1,000 per Note (or its equivalent) (provided that in the case of Equity Linked Certificates they will be printed and issued in denominations equal to the Specified Denomination specified in the applicable Final Terms). Accordingly, where applicable, if Definitive Notes are required to be issued, a Noteholder holding Notes having an original nominal amount which cannot be fully represented by Definitive Notes in the denomination of at least at least EUR 1,000 per Note (or its equivalent) will not be able to receive a Definitive Note in respect of the original nominal amount of the Notes by which the original nominal amount of such holding of Notes exceeds the next lowest integral multiple of at least EUR 1,000 per Note (or its equivalent), (the “**Excess Amount**”) and will not be able to receive interest or principal in respect of such Excess Amount. Furthermore, at any meetings of Noteholders while Notes are represented by a Global Note any vote cast shall only be valid if it is in respect of at least EUR 1,000 (or its equivalent) in nominal amount and no vote may be cast in respect of any smaller nominal amount.

Conditions Applicable to Global Notes

Each Global Note will contain provisions which modify the terms and conditions set out in “Terms and Conditions of the Notes” as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the

Specified Office of any paying agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bearer Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Exercise of put option: In order to exercise the Noteholder's put option set out in Condition 10.8 (*Redemption at the option of Noteholders*) of "Terms and Conditions of the Notes" the bearer of the Permanent Global Note must, within the period specified therein for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent and/or such other person as is specified in the relevant Final Terms specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10.6 (*Redemption at the option of the Issuer*) of "Terms and Conditions of the Notes" in relation to some but not all of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the provisions set out therein and the Notes to be redeemed will not be selected as provided therein.

Notices: Notwithstanding Condition 19 (*Notices*) of "Terms and Conditions of the Notes", while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and the Temporary Global Note are) deposited with a Bearer Note Depositary, notices to Noteholders may be given by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) of "Terms and Conditions of the Notes", as applicable, on the date of delivery to DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Redenomination: If the Notes are redenominated pursuant to Condition 22 (*Redenomination, Renominalisation and Reconventioning*) of "Terms and Conditions of the Notes" then following redenomination:

- (a) if Definitive Notes are required to be issued, they shall be issued at the expense of the relevant Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the relevant Fiscal Agent shall determine and notify to the Noteholders; and
- (b) the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

ERISA

The Notes may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or any individual retirement account or plan subject to Section 4975 of the Code.

UNITED STATES TAXATION

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

This discussion is limited to the Federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the Federal tax treatment of the transaction. Because this tax disclosure was written in connection with the marketing of the Program for the Issuance of Notes it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder. Holders should seek their advice based upon their particular circumstances from an independent tax advisor.

References to “Notes” herein refer only to Notes issued by the Issuer

Non-U.S. Holders

The Issuer has been advised that the following summary accurately describes the principal United States federal income tax consequences of ownership and disposition of the Notes by Non-U.S. Holders (as defined below). This summary is based on the Code, administrative pronouncements, judicial decisions and existing and proposed Treasury regulations, changes to any of which subsequent to the date of this Securities Note may affect the tax consequences described herein.

This summary does not discuss all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as:

- persons other than Non-U.S. Holders;
- non-resident alien individuals who have lost their United States citizenship or who have ceased to be treated as resident aliens; or
- corporations that are treated as foreign or domestic personal holding companies, controlled foreign corporations, or passive foreign investment companies.

Persons considering the purchase of Notes should consult their own tax advisors with regard to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Note that is for United States federal income tax purposes:

- a non-resident alien individual;

- a foreign corporation;
- a non-resident alien fiduciary of a foreign estate or trust; or
- a foreign partnership one or more of the members of which is a non-resident alien individual, a foreign corporation or a non-resident alien fiduciary of a foreign trust or estate.

Notes

Except as otherwise discussed below or indicated in the applicable Final Terms, a Non-U.S. Holder will generally not be subject to United States federal income tax, including withholding tax, on payments of principal, or interest (including original issue discount, if any) on a Note, or on proceeds from the sale or other disposition of a Note, provided that for purposes of United States federal income tax law:

- the payments or proceeds are not effectively connected with the conduct of a trade or business within the United States by the holder;
- the holder does not own (directly or by attribution) ten percent or more of the total combined voting power of all classes of stock of Morgan Stanley entitled to vote;
- the holder is not a bank holding the Note in the context of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the holder does not have a “tax home” (as defined in section 911(d)(3) of the Code) or an office or other fixed place of business in the United States.

Exchangeable Notes

Except as otherwise indicated in the applicable Final Terms, a Non-U.S. Holder will generally not be subject to United States federal income tax, including withholding tax, with regard to an Exchangeable Note if:

- the Note is treated as indebtedness for United States federal income tax purposes;
- the Note is exchangeable only into securities that are actively traded, into a basket of securities that are actively traded or an index or indices of securities that are actively traded; and
- the other requirements for exemption from tax listed above under “Notes” are met.

With regard to the above requirements, Optionally Exchangeable Notes for which the principal amount payable in cash equals or exceeds the issue price (i.e. the first price at which a substantial amount of the Optionally Exchangeable Notes is sold to the public) will generally be treated as indebtedness for United States federal income tax purposes. No opinion is expressed herein as to the impact of the “United States real property holding corporation” rules, which could affect the taxation of Non-U.S. Holders of Exchangeable Notes in certain circumstances. Non-U.S. Holders intending to purchase Exchangeable Notes should refer to the discussion relating to taxation in the applicable Final Terms for disclosure, if any is deemed necessary, concerning the applicability of those rules. For information regarding the United States federal income tax consequences of the ownership and disposition of the property received in exchange for the Note, please refer to the documents described in the applicable Final Terms.

Notes Linked to Commodity Prices, Single Securities, Baskets of Securities or Indices and Credit-Linked Notes

Except to the extent discussed above under “—Exchangeable Notes,” the United States federal income tax consequences to a Non-U.S. Holder of the ownership and disposition of Notes that have principal or

interest determined by reference to commodity prices, securities of entities not affiliated with the Issuer, baskets of securities or indices or to the credit of entities not affiliated with the Issuer may vary depending upon the exact terms of the Notes and related factors. Notes containing any of those features may be subject to rules that differ from the general rules discussed above. Non-U.S. Holders intending to purchase such Notes should refer to the discussion relating to taxation in the applicable Final Terms for disclosure concerning the applicability of the rules.

Backup Withholding and Information Reporting

With respect to Notes that are treated as indebtedness for U.S. federal income tax purposes, a Non-U.S. Holder of a Note will generally not be subject to backup withholding or information reporting with respect to payments on, or proceeds from the sale or redemption of, the Note.

Non-U.S. Holders of Notes should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom and the procedure for obtaining the exemption, if available. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the United States Internal Revenue Service.

Estate Tax

Subject to benefits provided by an applicable estate tax treaty, a Note that is treated as indebtedness for U.S. federal income tax purposes will generally be excluded from the gross estate of a Non-U.S. Holder for U.S. federal estate tax purposes upon the individual's death unless, at such time, interest payments on the Note would have been:

- subject to U.S. federal withholding tax without regard to any certification that such holder is not a "United States person" within the meaning of Section 7701(a)(30) of the Code, not taking into account an elimination of such U.S. federal withholding tax due to the application of an income tax treaty; or
- effectively connected to the conduct by the holder of a trade or business in the United States.

Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal estate tax consequences of an investment in the Notes and the availability of benefits provided by an applicable estate tax treaty, if any.

U.S. Holders

A Final Terms for an issue of Notes may specify with respect to the issue of Notes to which it relates (and where relevant) the potential U.S. federal income tax consequences to U.S. taxpayers of the purchase, ownership, disposition, lapse and exercise of the Notes.

A U.S. taxpayer that holds Notes may be subject to a variety of U.S. tax consequences depending on the subject and the terms of the Notes. U.S. taxpayers should consult their own advisers about the tax consequences of purchasing Notes, particularly whether the Notes being acquired could be treated for U.S. tax purposes as debt instruments or as another type of financial instrument.

UNITED KINGDOM TAXATION

The following disclosure applies only in respect of Notes issued by the Issuer and not in respect of Notes issued by any substitute issuer. References in this section on United Kingdom taxation to “Notes” refer only to Notes issued by the Issuer, and references to Noteholders should be construed accordingly. The following assumes that the Issuer is not resident in the United Kingdom for United Kingdom tax purposes and is not issuing the Notes for the purposes of a trade or other business carried on by it in the United Kingdom and that the interest on the Notes does not have a United Kingdom source.

The following disclosure applies only when any interest on Notes issued by the Issuer is paid and the payment of such interest is entrusted to any person in the United Kingdom for payment, distribution or collection.

The following is a summary of the obligations in certain circumstances to provide information to Her Majesty’s Revenue and Customs at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the Issuer (a “paying agent”), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to Her Majesty’s Revenue and Customs details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to Her Majesty’s Revenue and Customs may, in certain cases, be passed by Her Majesty’s Revenue and Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

For the purposes of the paragraph above, references to “interest” should be taken, for practical purposes, as including payments made by Morgan Stanley as guarantor in respect of interest on the Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

The references to “interest” in this section on United Kingdom taxation mean “interest” as understood in United Kingdom tax law. The statements in this section on United Kingdom taxation do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

NETHERLANDS TAXATION

The following disclosure applies only in respect of Notes issued by the Issuer and not in respect of Notes issued by any substitute issuer. References in this section on Netherlands taxation to “Notes” refer only to Notes issued by the Issuer and references to holders of Notes should be construed accordingly.

The following summary outlines certain Netherlands tax consequences to holders of Notes. It is based on the current law and practice of the Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. Prospective holders of Notes who may be in any doubt as to their respective tax positions should consult their own professional advisors.

Withholding Tax

All payments under Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that, with respect to Notes, (i) they have a fixed maturity of not more than 10 years or (ii) if they have no fixed maturity or a fixed maturity of more than 10 years, the interest on such Notes is not legally or *de facto* in whole or in part contingent on the profits of, or the distributions of profits by, the Issuer, Morgan Stanley or any related entity or (iii) if they are subordinated and have no fixed maturity or a fixed maturity of more than 50 years, the payment of the interest is not contingent on the profit of, or distribution of profit by, the Issuer, Morgan Stanley or any related entity.

Taxes on Income and Capital Gains

A holder of Notes will not be subject to any Netherlands taxes on income or capital gains in respect of Notes, including such tax on any payment under Notes or in respect of any gain realised on the disposal, deemed disposal or exchange of Notes, provided that:

- (i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if he is an individual, has elected to be taxed as a resident of the Netherlands;
- (ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, Notes are attributable;
- (iii) if such holder is an individual, neither such holder nor any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such persons' relatives (including foster children), (a) has indirectly the disposition of the proceeds of Notes, nor (b) has a substantial interest in the Issuer, Morgan Stanley and/or any other entity that legally or *de facto*, directly or indirectly, has the disposition of the proceeds of Notes. For purposes of this clause (iii), a substantial interest is generally not present if a holder does not hold, alone or together with his spouse or partner, whether directly or indirectly, the ownership of, or certain other rights (including rights to acquire shares, whether or not already issued) over, (a) shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company, (b) profit sharing certificates, or membership rights in a co-operative association, entitling the holder to five per cent. or more of the profits or of the liquidation distributions of a company or co-operative association, or (c) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting;
- (iv) if such holder is a company, such holder does not have a substantial interest in the Issuer or if such holder does have such a substantial interest, it can be allocated to the holder's business assets. For purpose of this clause (iv), a substantial interest is generally not present if a holder

does not hold, whether directly or indirectly, the ownership of, or certain other rights (including the rights to acquire shares, whether or not already issued) over shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of the Issuer, or (b) profit sharing certificates, entitling the holder to five per cent. or more of the profits or of the liquidation distributions of the Issuer; and

- (v) if such holder is an individual, such income or capital gain do not form “benefits from miscellaneous activities in the Netherlands” (“*resultaat uit overige werkzaamheden in Nederland*”), which would for instance be the case if the activities in the Netherlands with respect to Notes exceed “normal active asset management” (“*normaal, actief vermogensbeheer*”).

A holder of Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to an issue of Notes or the performance by the Issuer of its obligations thereunder or under Notes.

Gift, Estate and Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, Notes are or were attributable; or
- (ii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Turnover Tax

No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of Notes, with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

Other Taxes and Duties

No Netherlands registration tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the documents relating to the issue of Notes or the performance by the Issuer of its obligations thereunder or under Notes.

EUROPEAN UNION SAVINGS DIRECTIVE

EU Directive on Taxation of Savings Income

On 3 July 2003, the Council of the European Union adopted the Council Directive 2003/48/EC regarding the taxation of savings income (the “Savings Directive”). The Savings Directive entered into force on 1st July 2005.

On the basis of the Savings Directive, Member States and a number of non-EU territories (these non-EU territories being referred to as “Dependent and Associated Territories” and “Third Countries”), are required to provide to the tax authorities of other Member States and some of the Dependent and Associated Territories details of payments of interest and other similar income, within the meaning of the Savings Directive, paid by a paying agent, within the meaning of the Savings Directive, to or (under certain circumstances, for the benefit of) an individual resident in such other Member State or some of the Dependent and Associated Territories.

By way of exception Belgium, Luxembourg, Austria and some of the Dependent and Associated Territories and the Third Countries will instead operate a withholding system (the “Source Tax”) for a transitional period in relation to such payments, unless the beneficiary of the interest payments elects for the exchange of information. The Source Tax is initially 15%, increasing to 20% and to 35%. The end of this transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Issuer is offering the Notes on a continuing basis through Morgan Stanley & Co. International Limited and Morgan Stanley & Co. Incorporated (together with any other distribution agent who may be appointed pursuant to the terms of the Distribution Agreement (as defined below), the “**Distribution Agents**”), who have agreed to use reasonable efforts to solicit offers to purchase the Notes. The Issuer will have the sole right to accept offers to purchase Notes and may reject any offer in whole or in part. The Distribution Agents will have the right to reject any offer to purchase Notes solicited by it in whole or in part. The Issuer may pay the Distribution Agents, in connection with sales of the Notes resulting from a solicitation the Distribution Agents made or an offer to purchase received by the Distribution Agents, a commission, which may be in the form of a discount from the purchase price if the Distribution Agents are purchasing the Notes for their own account. Payment of the purchase price of the Notes will be required to be made in immediately available funds.

The Issuer may also sell Notes to a Distribution Agent as principal for its own account at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Notes they purchase as principal at prevailing market prices, or at other prices, as the Distribution Agents determine.

The arrangements for the offer and sale of the Notes from time to time are set out in the Distribution Agreement dated 7 April 2006 (as further modified and restated from time to time, the “**Distribution Agreement**”) among the Issuer and the Distribution Agents. Pursuant to the Distribution Agreement, the Issuer and the Distribution Agents have agreed to indemnify each other against certain liabilities, or to contribute payments made in respect thereof. The Issuer has also agreed to reimburse the Distribution Agents for certain expenses.

In order to facilitate the offering of the Notes, the Distribution Agents may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes or any other securities the prices of which may be used to determine payments on those Notes. Specifically, the Distribution Agents may overallocate in connection with any offering of the Notes, creating a short position in the Notes for their own accounts. In addition, to cover overallocations or to stabilize the price of the Notes or of any other securities, the Distribution Agents may bid for, and purchase, Notes or any other securities in the open market. Finally, in any offering of the Notes through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the Notes in the offering if the syndicate repurchases previously distributed Notes in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. The Distribution Agents are not required to engage in these activities and may end any of these activities at any time.

United States of America

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and under circumstances which will not require either the Issuer or the Guarantor to register under the Investment Company Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Distribution Agent has agreed, and each further Distribution Agent appointed under the Program will be required to agree that, except as permitted by the Distribution Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver, Notes as part of their distribution at any time within the United States

or to, or for the account or benefit of, U.S. persons, and it will have sent to each Distribution Agent to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. In addition, the Distribution Agreement provides that the Distribution Agents may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Restricted Registered Notes in the United States to QIB/QPs in reliance on Rule 144A.

An offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Base Prospectus has been prepared by the Issuer and the Guarantor for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons, for the offer and resale of the Notes within the United States to QIB/QPs (in the case of the Restricted Registered Notes only) and for the listing of the Notes on the Irish Stock Exchange. The Issuer, the Guarantor and the Distribution Agents reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than a QIB/QP to whom an offer has been made directly by one of the Distribution Agents or an affiliate of one of the Distribution Agents. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any QIB/QP in the United States to any U.S. person or to any person within the United States, other than any QIB/QP and those persons, if any, retained to advise such non-U.S. person or QIB/QPs with respect thereto, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer and the Guarantor, is prohibited.

Transfer Restrictions

Each purchaser of Restricted Registered Notes pursuant to Rule 144A, by accepting delivery of this Base Prospectus or the Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) It (i) is a QIB/QP, (ii) is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (iii) is not a participant-directed employee plan, such as a 401(k) plan, (iv) is acting for its own account, or the account of another QIB/QP, (v) was not formed for purposes of investing in the Issuer or the Guarantor, (vi) will provide notice of the transfer restrictions applicable to such Notes to any subsequent transferee (which transferee shall be deemed to make the same representations herein) and (vii) is aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (b) It will, along with each account for which it is purchasing, hold and transfer beneficial interests in the Notes in an aggregate principal amount that is not less than the minimum denomination of the Notes.

In addition, it understands that the Issuer and/or the Guarantor may receive a list of participants holding positions in its securities from one or more book-entry depositories.

- (c) It understands that the Notes and the Guarantee have not been and will not be registered under the Securities Act and that neither the Issuer nor the Guarantor has or will register as an investment company under the Investment Company Act. It understands that Restricted Registered Notes may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB/QP

purchasing for its own account or for the account of a QIB/QP or (ii) to a person that is not a U.S. person (within the meaning of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, in each case in accordance with any applicable laws of any state of the United States.

- (d) It understands that the Issuer has the right to compel any beneficial owner that is a U.S. person and not a QIB/QP to sell its interest in the Notes, or may sell such interest on behalf of such owners. In addition, the Issuer has the right to refuse to honour the transfer of an interest in the Notes to a U.S. person who is not a QIB/QP.
- (e) It understands that Restricted Registered Notes will bear a legend to the following effect:

“THIS NOTE AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR WILL REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE “**INVESTMENT COMPANY ACT**”).

INTERESTS IN THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (A “**QIB**”) WITHIN THE MEANING OF RULE 144A AND A QUALIFIED PURCHASER (A “**QP**”) AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT THAT (A) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) IS ACQUIRING SUCH INTEREST FOR ITS OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF WHICH IS A QIB THAT IS A QP, IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.\$100,000 FOR THE PURCHASER AND FOR EACH SUCH ACCOUNT, (D) WAS NOT FORMED FOR THE PURPOSES OF INVESTING IN THE ISSUER OR THE GUARANTOR, (E) UNDERSTANDS THAT THE ISSUER AND/OR THE GUARANTOR MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (F) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THESE NOTES TO ANY SUBSEQUENT TRANSFEREE (WHICH TRANSFEREES SHALL BE DEEMED TO MAKE THE SAME REPRESENTATIONS HEREIN) OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN AN UNRESTRICTED GLOBAL NOTE CERTIFICATE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE GUARANTOR, THE REGISTRAR OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL

OWNER THAT IS A U.S. PERSON AND IS NOT A QIB AND A QP TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE NOTES TO A U.S. PERSON WHO IS NOT A QIB AND A QP.”

- (f) It understands that before any interest in a Restricted Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, it will be required to provide a Transfer Agent with a written certificate (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.
- (g) The Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIB/QPs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account. Such purchaser of Restricted Registered Notes agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Registered Notes is no longer accurate, it shall promptly notify each of the Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of Unrestricted Registered Notes outside the United States pursuant to Regulation S, by accepting delivery of this Base Prospectus or the Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time such Unrestricted Registered Notes are purchased will be, the beneficial owner of such Unrestricted Registered Notes and it is not a U.S. person (within the meaning of Regulation S) and it is located outside the United States.
- (b) Such Unrestricted Registered Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Unrestricted Registered Notes except (i) in accordance with Rule 144A under the Securities Act to a person that takes delivery in the form of an interest in the Restricted Global Note Certificate that it and any person acting on its behalf reasonably believe is a QIB/QP purchasing for its own account or the account of a QIB/QP that (a) is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (b) is not a participant-directed employee plan, such as a 401(k) plan, (c) is acquiring the Notes for its own account or for one or more accounts, each of which is a QIB that is a QP, in a principal amount of not less than U.S.\$100,000 for the purchaser and for each such account, (d) was not formed for the purposes of investing in the Issuer, (e) understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories and (f) will provide notice of the transfer restrictions applicable to such notes to any subsequent transferee or (ii) to a person that is not a U.S. person (within the meaning of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with all applicable securities laws of any State of the United States and any other applicable jurisdiction.
- (c) Such Unrestricted Registered Notes will bear a legend to the following effect:

“THIS NOTE THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR

OTHER JURISDICTION OF THE UNITED STATES AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR WILL REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE “INVESTMENT COMPANY ACT”).

INTERESTS IN THIS NOTE MAY ONLY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN A RESTRICTED GLOBAL NOTE CERTIFICATE THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (A “**QIB**”) WITHIN THE MEANING OF RULE 144A AND A QUALIFIED PURCHASER (A “**QP**”) AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT THAT (A) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) IS ACQUIRING SUCH INTEREST FOR ITS OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF WHICH IS A QIB THAT IS A QP, IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.\$100,000 FOR THE PURCHASER AND FOR EACH SUCH ACCOUNT, (D) WAS NOT FORMED FOR THE PURPOSES OF INVESTING IN THE ISSUER OR THE GUARANTOR, (E) UNDERSTANDS THAT THE ISSUER AND/OR THE GUARANTOR MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (F) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO SUCH NOTES TO ANY SUBSEQUENT TRANSFEREE (WHICH TRANSFEREES SHALL BE DEEMED TO MAKE THE SAME REPRESENTATIONS HEREIN) OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.”

- (d) The Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (e) Unrestricted Registered Notes offered to a person that is not a U.S. person in reliance on Regulation S will be represented by beneficial interests in an Unrestricted Global Note Certificate. Before any interest in such Unrestricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Note Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.

European Economic Area

Each Distribution Agent has represented, warranted and agreed that it has not offered and will not offer any Notes to persons in any Member State of the European Economic Area, except that it may offer Notes in any Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in a Member State in accordance with the Prospectus Directive and, where appropriate, notified to the competent authority in the Member

State in which such offer is being made in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, all as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “offer” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each relevant Member State.

Republic of Ireland

In relation to each Tranche of Notes, each Distribution Agent subscribing for or purchasing such Notes has represented to, warranted and agreed with, or will represent to, warrant and agree with, the Issuer and the Guarantor that:

- (a) Each Distribution Agent has not and will not offer or sell any Notes other than in compliance with the EU Directive 2003/6/EC on insider dealing and market manipulation, S.I. No. 324 2005 the Irish Market Abuse Directive 2003/61EC) Regulations 2005 and any applicable implementing legislation and rules.
- (b) To the extent applicable, it will not underwrite the issue of or place the Notes otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act, 1995 (as amended), including, without limitation, Sections 9, 23 (including any advertising restrictions made thereunder) and Section 37 (including any codes of conduct issued thereunder) of the provisions of the Irish Investor Compensation Act, 1998, including, without limitation, Section 21.
- (c) No Notes will be offered or sold with a maturity of less than 12 months except in full compliance with the Irish Financial Services Regulatory Authority Notice BSD C 01/02 of 12 November 2002.

United Kingdom

In relation to each Tranche of Notes, each Distribution Agent subscribing for or purchasing such Notes has represented to, warranted and agreed with, or will represent to, warrant and agree with, the Issuer and the Guarantor that:

- (a) *Notes with maturities of less than one year*: in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of

investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer.

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Spain

The proposed offer of Notes has not been registered with the Comision Nacional del Mercado de Valores (the “CNMV”). Accordingly, each of the Distribution Agents has represented, warranted and agreed that the Notes can only be offered to less than 100 offerees resident in Spain, excluding qualified investors, pursuant to and in accordance with Law 24/1988, as amended and any regulation issued thereunder.

Netherlands

The Notes (or interest therein) may not, directly or indirectly, be offered, sold, pledged, transferred or delivered, whether at their initial distribution or at any time thereafter, and neither this Base Prospectus nor any other document in respect of any offering may be distributed or circulated, other than to professional market parties within the meaning of the Exemption Regulation pursuant to the Dutch Act on the Supervision of the Credit System 1992 (*Vrijstellingsregeling Wtk 1992*) (“PMPs” (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive, banks, insurance companies, securities firms, collective investment undertakings and pension funds supervised in the Netherlands or exempted from supervision on the basis of Dutch legislation), provided that these parties acquire the relevant Notes for their own account. Each person or legal entity, by purchasing one or more of the Notes (or any interest therein), will be deemed to have represented and agreed for the benefit of the Issuer as set forth in the following legend (which shall be placed on each Note, whether or not offered to Dutch residents):

ANY PERSON WHO HOLDS (A BENEFICIAL INTEREST IN) THIS OBLIGATION SHALL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A PROFESSIONAL MARKET PARTY, AND IS ACQUIRING THIS NOTE (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PROFESSIONAL MARKET PARTY, AS DEFINED IN SECTION 1 SUB E OF THE EXEMPTION REGULATION PURSUANT TO THE DUTCH ACT ON THE SUPERVISION OF THE CREDIT SYSTEM 1992 (*VRIJSTELLINGSREGELING WTK 1992*), AND IS FURTHER REPRESENTING AND AGREEING THAT (i) IT MAY NOT OFFER, SELL, PLEDGE, TRANSFER OR DELIVER (A BENEFICIAL INTEREST IN) THIS OBLIGATION TO ANY RESIDENT OF THE NETHERLANDS WHO IS NOT SUCH A PROFESSIONAL MARKET PARTY AND (ii) IT WILL PROVIDE NOTICE OF THIS RESTRICTION TO ANY SUBSEQUENT TRANSFEREE.

The above restrictions shall not apply with respect to:

- (a) Notes having a denomination or being traded in packages that will continue to represent a nominal value of at least €100,000, provided that (i) at the time of issue of the Notes the Issuer is not reasonably able to identify the holders thereof, and (ii) the notes are either (A) held at the time of issuance through a clearing system that is established in a Member State of the European

Union, the United States, Japan, Australia, Canada or Switzerland in which securities can only be held through a licensed bank or securities firm, or (B) are initially issued to PMPs that can be reasonably expected to re-sell the Notes exclusively to PMPs; and

- (b) Notes having the benefit of a Guarantee, provided that (i) the Issuer is a direct or indirect subsidiary (*dochtermaatschappij*) of the Guarantor within the meaning of Section 2:24 a of the Dutch Civil Code, (ii) the Guarantor's consolidated shareholder's equity (*geconsolideerd eigen vermogen*) is and remains positive and (iii) the Issuer at all times on-lends at least 95% of its balance total to companies belonging to group of companies to which the Issuer belongs.

Each Distribution Agent has represented, warranted and agreed and each further Distribution Agent appointed under the Program will be required to represent, warrant and agree, that Notes (including rights representing an interest in a global Note) with a maturity of less than 12 months that qualify as money market instruments may not be offered, and that it has not and will not offer, directly or indirectly, anywhere in the world, and that it has not and will not announce such an offer, except (i) if they each have a minimum denomination (or minimum aggregate purchase price) of €50,000 or the equivalent thereof in another currency, or (ii) solely to persons who trade or invest in securities in the conduct of their profession or business (which includes banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors, and finance companies and large enterprises which as an ancillary activity regularly invest in securities), or (iii) in circumstances where another exception to or exemption or dispensation from the prohibition of section 3 subsection 4 of the Dutch Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*) applies.

In addition, bearer zero coupon Notes in definitive form and other bearer securities in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “SCA”) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in The Netherlands.

GENERAL INFORMATION

The obligation of a prospective purchaser, including any of the Distribution Agents, to pay for any Notes it has agreed to purchase is subject to the satisfaction of certain conditions which, if not satisfied or waived, would result in the purchaser having no obligation to pay for any of those Notes.

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The appropriate CUSIP, common code and ISIN for each issue allocated by DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, will be contained in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than two business days after the date of the transaction.

For so long as the Program remains in effect or any Notes under the Program remain outstanding, the following documents will be available from the date hereof, during usual business hours on any week day, for inspection at Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London EC2N 2DB, being the London office of the Fiscal Agent, at Deutsche Bank Trust Company Americas, 17th Floor, 60 Wall Street, New York, New York 10005 being the office of the Registrar and at Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland being

the office of the Irish Paying Agent and also at the principal executive offices of Morgan Stanley and the registered office of the Issuer:

- (i) copies of the Distribution Agreement, the Issue and Paying Agency Agreement dated 7 April 2006, the Deed of Covenant, the guarantee dated 7 April 2006 provided by Morgan Stanley, all of the Issuer's future published financial statements and all of Morgan Stanley's future Annual, Quarterly and Current Reports. Morgan Stanley's Quarterly Reports on Form 10-Q contain unaudited quarterly financial statements;
- (ii) the Deed of Incorporation of the Issuer;
- (iii) the Certificate of Incorporation and Amended and Restated By-laws of Morgan Stanley;
- (iv) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to herein;
- (v) the interim accounts of the Issuer for the 6 month period ended 31 May 2005 together with updated dated 6 February 2006. The Issuer's interim accounts and update contain unaudited financial statements;
- (vi) Morgan Stanley's Annual Report on Form 10-K for the year ended November 2004 and 2005 and Current Reports on Form 8-K dated 12 October 2005 and 22 March 2006;
- (vii) a copy of this document;
- (viii) a copy of the Summary;
- (ix) any supplement to this Securities Note; and
- (x) any Final Terms (relating to listed and outstanding issues of Notes) issued after the date of this Securities Note.

Morgan Stanley

The Program was authorised by Morgan Stanley pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley held on 22 March 2006.

MSBV

The role of the Issuer as issuer under the Program was authorised by resolutions of the Board of Directors of the Issuer passed on 21 March 2006.

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