

Morgan Stanley

MORGAN STANLEY

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

MORGAN STANLEY & CO. INTERNATIONAL plc

(incorporated with limited liability in England and Wales)

MORGAN STANLEY (JERSEY) LIMITED

(incorporated with limited liability in Jersey, Channel Islands)

and

MORGAN STANLEY B.V.

(incorporated with limited liability in The Netherlands)

This Registration Document (including all documents incorporated by reference herein, the "**Registration Document**") has been approved by (i) the United Kingdom Financial Services Authority (the "**FSA**") which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom as a registration document issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purposes of providing information during the period of twelve months after the date of publication of this Registration Document with regard to Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**"), Morgan Stanley (Jersey) Limited ("**Morgan Stanley Jersey**") and Morgan Stanley B.V. ("**MSBV**") as issuers or obligors in respect of debt or derivative securities and (ii) the SIX Swiss Exchange pursuant to points 14 et seq. of the directive of the SIX Swiss Exchange on the listing of notes for the purpose of giving certain information with regard to Morgan Stanley, MSI plc, Morgan Stanley Jersey and MSBV as issuers or obligors in respect of debt or derivative securities.

Certain risk factors relating to Morgan Stanley, MSI plc, Morgan Stanley Jersey and MSBV are set out in "Risk Factors", commencing on page 5 of this Registration Document.

This Registration Document includes details of the long-term and short-term credit ratings assigned to Morgan Stanley by DBRS, Inc. ("**DBRS**"), Fitch, Inc., ("**Fitch**") Moody's Investors Service, Inc. ("**Moody's**"), Ratings and Investment Information Inc., and Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services ("**S&P**").

DBRS is not established in the European Economic Area but the ratings it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, a rating agency established in the European Economic Area and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") by the relevant competent authority.

Fitch is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Moody's is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH, both rating agencies established in the European Economic Area and registered under the CRA Regulation by the relevant competent authorities.

Ratings and Investment Information Inc. is not incorporated in the European Economic Area and is not registered under the CRA Regulation in the EU.

S&P is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

The Morgan Stanley registration document (the "Morgan Stanley Registration Document") will comprise this registration document with the exception of (A) Items 6-11 in the section entitled "Information Incorporated by Reference" set out at pages 19-22; and (B) Sections entitled "Description of Morgan Stanley & Co. International plc" at pages 63-68; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 69-71; "Description of Morgan Stanley (Jersey) Limited" at pages 72-74; and "Description of Morgan Stanley B.V." at pages 75-77 hereto.

The MSI plc registration document (the "MSI plc Registration Document") will comprise this registration document with the exception of (A) Items 1-5 and Items 8-11 in the section entitled "Information Incorporated by Reference" set out at pages 19-22; and (C) Sections entitled "Description of Morgan Stanley" at pages 24-55; "Selected Financial Information of Morgan Stanley" at pages 56-62; "Description of Morgan Stanley (Jersey) Limited" at pages 72-74; "Description of Morgan Stanley B.V." at pages 75-77; and "Subsidiaries of Morgan Stanley" at pages 78-107 hereto.

The Morgan Stanley Jersey registration document (the "Morgan Stanley Jersey Registration Document") will comprise this registration document with the exception of (A) Items 1-7 and Items 10-11 in the section entitled "Information Incorporated by Reference" set out at pages 19-21; and (B) Sections entitled "Description of Morgan Stanley" at pages 24-55; "Selected Financial Information of Morgan Stanley" at pages 56-62; "Description of Morgan Stanley & Co. International plc" at pages 63-68; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 69-71; "Description of Morgan Stanley B.V." at pages 75-77 and "Subsidiaries of Morgan Stanley" at pages 78-107 hereto.

The MSBV registration document (the "MSBV Registration Document") will comprise this registration document with the exception of (A) Items 1-9 in the section entitled "Information Incorporated by Reference" set out at pages 19-21; and (B) Sections entitled "Description of Morgan Stanley" at pages 24-55; "Selected Financial Information of Morgan Stanley" at pages 56-62; "Description of Morgan Stanley & Co. International plc" at pages 63-68; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 69-71; "Description of Morgan Stanley (Jersey) Limited" at pages 72-74; and "Subsidiaries of Morgan Stanley" at pages 78-107 hereto.

The Responsible Person with regard to the Morgan Stanley Registration Document is Morgan Stanley; with regard to the MSI plc Registration Document is MSI plc; with regard to the Morgan Stanley Jersey Registration Document is Morgan Stanley Jersey; with regard to the MSBV Registration Document is MSBV (each a "Responsible Person").

Each of the Responsible Persons accepts responsibility for the information contained in the relevant document and confirms that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in the relevant document is in accordance with the facts and contains no omission likely to affect the import of such information.

MORGAN STANLEY

7 June 2012

Important Notices

The distribution of this Registration Document and the offering, sale and delivery of debt or derivative securities in certain jurisdictions may be restricted by law. Persons into whose possession this Registration Document comes are required by Morgan Stanley, MSI plc, Morgan Stanley Jersey and MSBV to inform themselves about and to observe any such restrictions.

This Registration Document is intended to form part of a prospectus prepared in compliance with the Prospectus Directive and relevant implementing measures and should be read and construed with any amendment or supplement hereto together with all documents incorporated by reference into it, the other parts of such relevant prospectus or, as the case may be, securities note containing disclosure in relation to any issue of debt or derivative securities by any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV (or for which any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV is an obligor) and, where appropriate, the final terms containing information with respect to such debt or derivative securities (the "Final Terms").

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV or for which any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV is an obligor.

This Registration Document does not constitute an offer of or an invitation to subscribe for or purchase any debt or derivative securities and should not be considered as a recommendation by any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV that any recipient of this Registration Document should subscribe for or purchase any debt or derivative securities. Each recipient of this Registration Document will be taken to have made its own investigation and appraisal of Morgan Stanley, MSI plc, Morgan Stanley Jersey and MSBV and of the particular terms of any offered debt or derivative securities.

The distribution of this Registration Document and the offer or sale of securities issued by any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV (or in relation to which Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV is an obligor) may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any securities issued by Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV (or for which Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV is an obligor) come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of securities issued by any of Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV (or for which Morgan Stanley, MSI plc, Morgan Stanley Jersey or MSBV is an obligor) and on the distribution of this Registration Document, including any document incorporated herein by reference, see the applicable description of arrangements relating to subscription and sale of the relevant debt or derivative securities in the relevant prospectus or securities note.

All references in this Registration Document 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 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").

Table of Contents

Risk Factors	5
Information Incorporated by Reference	19
Description of Morgan Stanley	24
Selected Financial Information of Morgan Stanley	57
Description of Morgan Stanley & Co. International plc	64
Selected Financial Information of Morgan Stanley & Co. International plc	70
Description of Morgan Stanley (Jersey) Limited	73
Description of Morgan Stanley B.V.	76
Subsidiaries of Morgan Stanley	79

RISK FACTORS

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.

Each of Morgan Stanley, Morgan Stanley & Co. International plc, Morgan Stanley (Jersey) Limited and Morgan Stanley B.V. believes that the factors described below represent the principal risks with respect to each of Morgan Stanley, Morgan Stanley & Co. International plc, Morgan Stanley (Jersey) Limited and Morgan Stanley B.V. Prospective investors should consider, among other things, the following:

Risks Relating to Morgan Stanley, Morgan Stanley & Co. International plc, Morgan Stanley (Jersey) Limited and Morgan Stanley B.V.

Morgan Stanley is the ultimate parent company of the Morgan Stanley group of companies. Morgan Stanley B.V., Morgan Stanley (Jersey) Limited and Morgan Stanley & Co. International plc are all part of the Morgan Stanley group of companies (the "**Morgan Stanley Group**").

All material assets of Morgan Stanley B.V. and Morgan Stanley (Jersey) Limited are obligations of one or more of the Morgan Stanley group companies and securities issued by Morgan Stanley B.V. and Morgan Stanley (Jersey) Limited are guaranteed by Morgan Stanley.

There are substantial inter-relationships between Morgan Stanley & Co. International plc and Morgan Stanley as well as other Morgan Stanley group companies, including the provision of funding, capital services and logistical support to or by Morgan Stanley & Co. International plc, as well as common or shared business or operational platforms or systems, including employees.

The principal risks with respect to Morgan Stanley described below will also represent the principal risks with respect to Morgan Stanley B.V., Morgan Stanley (Jersey) Limited and Morgan Stanley & Co. International plc, either as individual entities or as part of the Morgan Stanley group of companies.

Liquidity and Funding Risk

Liquidity and funding risk refers to the risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity and funding risk also encompasses the ability of Morgan Stanley to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern.

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

Liquidity is essential to Morgan Stanley's businesses. Morgan Stanley's liquidity could be negatively affected by its inability to raise funding in the long-term or short-term debt capital markets or the equity capital markets or Morgan Stanley's 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, including concerns regarding the sovereign debt crisis in Europe, 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 is downgraded or put on (or remains on) negative watch by the rating agencies, it suffers a decline in the level of its business activity, regulatory authorities take significant action against it, or it discovers significant 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 finance or 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 and cash flows and financial condition.

Global markets and economic conditions have been negatively impacted by the ability of certain European Union ("E.U.") member states to service their sovereign debt obligations. The continued uncertainty over the outcome of the E.U. governments' financial support programs and the possibility that other E.U. member states may experience similar financial troubles could further disrupt global markets. In particular, it has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of E.U. members. These factors, or market perceptions concerning such matters, could have an adverse effect on Morgan Stanley's business, financial condition and liquidity. In particular, in connection with certain of Morgan Stanley's Institutional Securities business segment activities, Morgan Stanley has exposure to European peripheral countries (being Greece, Ireland, Italy, Portugal and Spain). As of 3 January 2012, exposure (including exposure to obligations from governments, corporations and financial institutions) before hedges to European peripheral countries was approximately \$5,044 million and net exposure after hedges was approximately \$3,056 million. In addition, as of 31 December 2011, Morgan Stanley had European peripheral country exposure for overnight deposits with banks of approximately \$448 million.

Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on its 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 important to the determination of Morgan Stanley's credit ratings include the level and quality of its earnings, as well as its capital adequacy, liquidity, risk appetite and management, asset quality, business mix and actual and perceived levels of government support.

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 segment, Morgan Stanley may be required to provide additional collateral to certain counterparties in the event of a credit ratings downgrade. Morgan Stanley's long-term credit ratings by Moody's Investor Services, Inc ("Moody's") and Standard & Poor's Ratings Services ("S&P") are currently at different levels (commonly referred to as "split ratings"). As of 31 December 2011, the amounts of additional collateral or termination payments that could be called by counterparties under the terms of such agreements in the event of a downgrade of Morgan Stanley's long-term credit rating under various scenarios were as follows: (i) \$919 million (A3 Moody's/A- S&P); (ii) \$3,989 million (Baa1 Moody's/ BBB+ S&P); and (iii) \$4,743 million (Baa2 Moody's/ BBB S&P). In addition, Morgan Stanley may be required to pledge additional collateral to certain exchanges and clearing organizations in the event of a credit rating downgrade. As of 31 December 2011, the increased collateral requirement at certain exchanges and clearing organizations under various scenarios were: (i) \$118 million (A3 Moody's/ A- S&P); (ii) \$1,183 million (Baa1 Moody's/ BBB+ S&P); and (iii) \$1,775 million (Baa2 Moody's/ BBB S&P).¹

The rating agencies are continuing to monitor certain issuer specific factors that are important to the determination of Morgan Stanley's credit ratings including governance, the level and quality of earnings, capital adequacy, funding and liquidity, risk appetite and management, asset quality, strategic direction, and business mix. Additionally, the agencies will look at other industry-wide factors such as regulatory or legislative changes, macro-economic environment, and perceived levels of government support, and it is possible that they could downgrade Morgan Stanley's ratings and those of similar institutions.

¹ For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in the Company's Form 10-Q for the quarterly period ended March 31, 2012 which is incorporated by reference in this Registration Document and which can also be found at <http://www.sec.gov/Archives/edgar/data/895421/000119312512215012/d343889d10q.htm>

Morgan Stanley is a holding company and depends on payments from its 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 its ability to transfer funds freely, either to or from its subsidiaries. In particular, many of its subsidiaries, including its broker-dealer subsidiaries, are subject to laws, regulations and self regulatory organisation rules 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, regulations and rules may hinder Morgan Stanley's ability to access funds that it may need to make payments on its obligations. Furthermore, as a bank holding company, Morgan Stanley may become subject to a prohibition or to limitations on its ability to pay dividends or repurchase Morgan Stanley's stock. The Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("Fed") and the Federal Deposit Insurance Corporation ("FDIC") have the authority, and under certain circumstances the duty, to prohibit or to limit the payment of dividends by the banking organizations they supervise, including Morgan Stanley and its bank holding company subsidiaries.

Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions

Morgan Stanley's ability to raise funding in the long-term or short-term debt capital markets or the equity markets, or to access secured lending markets, has in the past been, and could in the future be, adversely affected by conditions in the U.S. and international markets and economy. Global market and economic conditions have been particularly disrupted and volatile in recent years, and continue to be volatile, amongst other things, as a result of the sovereign debt crisis in the E.U. In particular, Morgan Stanley's cost and availability of funding have been, and may in the future be, adversely affected by illiquid credit markets and wider credit spreads. Renewed turbulence in the U.S., the E.U. and other international markets and economies could adversely affect Morgan Stanley's liquidity and financial condition and the willingness of certain counterparties and customers to do business with Morgan Stanley.

Market Risk

Market risk refers to Morgan Stanley's exposure to adverse changes in the values of its portfolios and financial instruments due to changes in market prices or rates.

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

Morgan Stanley's results of operations may be materially affected by market fluctuations due to global and economic conditions and other factors. The results of operations in the past have been, and in the future may continue to be, materially affected by many factors, including the effect of political and economic conditions and geopolitical events; the effect of market conditions, particularly in the global equity, fixed income and credit markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets; the impact of current, pending and future legislation (including the Dodd-Frank Act), regulation (including capital, leverage and liquidity requirements), and legal actions in the U.S. and worldwide; the level and volatility of equity, fixed income and commodity prices, interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor sentiment and confidence in the financial markets; the performance of Morgan Stanley's acquisitions, joint ventures, strategic alliances or other strategic arrangements (including Morgan Stanley Smith Barney Holdings LLC ("MSSB") and with Mitsubishi UFJ Financial Group, Inc. ("MUFG")); Morgan Stanley's reputation; inflation, natural disasters, and acts of war or terrorism; the actions and initiatives of current and potential competitors, as well as governments, regulators and self-regulatory organizations; and technological changes or a combination of these or other factors. In addition,

legislative, legal and regulatory developments related to Morgan Stanley's businesses are likely to increase costs, thereby affecting results of operations. These factors also may have an impact on Morgan Stanley's ability to achieve Morgan Stanley's strategic objectives.

The results of Morgan Stanley's Institutional Securities business segment, 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, such as those enumerated above that Morgan Stanley cannot control or predict with great certainty. These fluctuations impact results by causing variations in new business flows and in the fair value of securities and other financial products. 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 unfavourable market or economic conditions, the level of individual investor participation in the global markets, as well as the level of client assets, may also decrease, which would negatively impact the results of its Global Wealth Management Group business segment. In addition, fluctuations in global market activity could impact the flow of investment capital into or from assets under management or supervision and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact its Asset Management business segment.

Morgan Stanley may experience declines in value of its financial instruments and other losses related to volatile and illiquid market conditions

Market volatility, illiquid market conditions and disruptions in the credit markets have made it extremely difficult to value certain of Morgan Stanley's securities particularly during periods of market displacement. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these securities in future periods. In addition, at the time of any sales and settlements of these securities, the price Morgan Stanley ultimately realizes will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of Morgan Stanley's securities portfolio, which may have an adverse effect on its results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. Morgan Stanley's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. However, severe market events have historically been difficult to predict, as seen in recent years, and Morgan Stanley could realize significant losses if extreme market events were to occur.

Holding large and concentrated positions may expose Morgan Stanley to losses

Concentration of risk may reduce revenues or result in losses in Morgan Stanley's market-making, investing, block trading, underwriting and lending businesses in the event of unfavourable market movements. Morgan Stanley commits substantial amounts of capital to these businesses, which often results in Morgan Stanley taking large positions in the securities of, or making large loans to, a particular issuer or issuers in a particular industry, country or region.

Morgan Stanley has incurred, and may continue to incur, significant losses in the real estate sector

Morgan Stanley finances and acquires principal positions in a number of real estate and real estate-related products for its own account, for investment vehicles managed by affiliates in which it also may have a significant investment, for separate accounts managed by affiliates and for major participants in the commercial and residential real estate markets. As of 31 December 2012, the consolidated statements of

financial condition included amounts representing real estate investment assets of consolidated subsidiaries of approximately \$2.0 billion, including non-controlling interests of approximately \$1.6 billion. In addition, Morgan Stanley had contractual capital commitments, guarantees, lending facilities and counterparty arrangements with respect to real estate investments of \$0.8 billion as of 31 December 2012.

Morgan Stanley also originates loans secured by commercial and residential properties. Morgan Stanley also securitizes and trades in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including residential and commercial mortgage-backed securities. These businesses have been, and may continue to be, adversely affected by the downturn in the real estate sector. In connection with these activities, Morgan Stanley has provided, or has otherwise agreed to be responsible for, certain representations and warranties. Under certain circumstances, Morgan Stanley may be required to repurchase such assets or make other payments related to such assets if such representations and warranties were breached. Between 2004 and 31 December 2011, Morgan Stanley sponsored approximately \$148 billion of residential mortgage-backed securities ("**RMBS**") primarily containing U.S. residential loans. Of that amount, Morgan Stanley made representations and warranties concerning approximately \$47 billion of loans and agreed to be responsible for the representations and warranties made by third-party sellers, many of which are now insolvent, on approximately \$21 billion of loans. As of 31 December 2011, the current unpaid principal balance (the "**UPB**") for all the residential assets subject to such representations and warranties was approximately \$23.5 billion and the cumulative losses associated with U.S. RMBS were approximately \$10.5 billion. Morgan Stanley did not make, or otherwise agree to be responsible, for the representations and warranties made by third party sellers on approximately \$80 billion of residential loans that it had securitized during that time period. Morgan Stanley has also not sponsored any U.S. RMBS transactions since 2007.

Morgan Stanley has also made representations and warranties in connection with its role as an originator of certain commercial mortgage loans that it securitized in commercial mortgage-backed securities ("**CMBS**"). Between 2004 and 2010, Morgan Stanley originated approximately \$44 billion and \$27 billion of U.S. and non-U.S. commercial mortgage loans, respectively, that were placed into CMBS sponsored by it. As of 31 December 2011, the current UPB for all U.S. commercial mortgage loans subject to such representations and warranties was \$35.2 billion. At 31 December 2011, the current UPB when known for all non-U.S. commercial mortgage loans, subject to such representations and warranties was approximately \$13.9 billion, and the UPB at the time of sale when the current UPB is not known was \$0.4 billion.

Over the last several years, the level of litigation and investigatory activity focused on residential mortgage and credit crisis-related matters has increased materially in the financial services industry. As a result, Morgan Stanley has been and expect that it may continue to become, the subject of increased claims for damages and other relief regarding residential mortgages and related securities in the future. Morgan Stanley continues to monitor its real estate-related activities in order to manage its exposures and potential liability from these markets and businesses.

Credit Risk

Credit risk refers to the risk of loss arising from borrower or counterparty default when a borrower, counterparty or obligor does not meet its obligations.

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

Morgan Stanley incurs significant credit risk exposure through the Institutional Securities business segment. This risk may arise from a variety of business activities, including but not limited to entering into swap or other derivative contracts under which counterparties have obligations to make payments to

Morgan Stanley; extending credit to clients through various lending commitments; providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; and posting margin and/or collateral to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties. Morgan Stanley incurs credit risk in traded securities and loan pools whereby the value of these assets may fluctuate based on realized or expected defaults on the underlying obligations or loans.

Morgan Stanley also incurs credit risk in the Global Wealth Management Group business segment lending to individual investors, including, but not limited to, margin and non-purpose loans collateralized by securities, residential mortgage loans and home equity lines of credit.

While Morgan Stanley believes current valuations and reserves adequately address Morgan Stanley's perceived levels of risk, there is a possibility that continued difficult economic conditions may further negatively impact Morgan Stanley's clients and Morgan Stanley's current credit exposures. In addition, as a clearing member firm, Morgan Stanley finances its customer positions and Morgan Stanley 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.

A default by another large financial institution could adversely affect financial markets generally

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Morgan Stanley interacts on a daily basis, and therefore could adversely affect Morgan Stanley.

Operational Risk

Operational risk refers to the risk of financial or other loss, or damage to a firm's reputation, resulting from inadequate or failed internal processes, people, resources, systems or from other internal or external events (e.g., internal or external fraud, legal and compliance risks, damage to physical assets, security breaches etc.). Morgan Stanley may incur operational risk across its full scope of business activities, including revenue-generating activities (e.g., sales and trading), support functions (e.g., information technology and trade processing) or other strategic decisions (e.g., the integration of MSSB or other joint ventures, acquisitions or strategic alliances). Legal and compliance risk is included in the scope of operational risk and is discussed below under "Legal and Regulatory Risk".

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either Morgan Stanley or the Morgan Stanley Group (as defined below) will be unable to comply with its obligations as a company with securities admitted to the Official List, and in respect of MSI plc, as a supervised firm regulated by the Financial Services Authority.

Morgan Stanley is subject to operational risk that could adversely affect its businesses

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. In general, the transactions it processes are 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 centres operated by third parties to process a high volume 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 a third party's systems or improper or unauthorised action by third parties or employees, Morgan Stanley could suffer financial loss, an impairment to its liquidity, a disruption of its businesses, regulatory sanctions or damage to its reputation.

Morgan Stanley's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and may be vulnerable to unauthorized access, mishandling or misuse, computer viruses or malware, cyber attacks and other events that could have a security impact on such systems. If one or more of such events occur, this potentially could jeopardize its or its clients' or counterparties' personal, confidential, proprietary or other information processed and stored in, and transmitted through, Morgan Stanley's computer systems. Furthermore, such events could cause interruptions or malfunctions in its, its clients', its counterparties' or third parties' operations, which could result in reputational damage, litigation or regulatory fines or penalties not covered by insurance maintained by Morgan Stanley, and adversely affect its business, financial condition or results of operations.

Despite the business contingency plans Morgan Stanley has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its business and the communities where it is located. This may include a disruption involving physical site access, terrorist activities, disease pandemics, catastrophic events, electrical, environmental, communications or other services used by Morgan Stanley, its employees or third parties with whom Morgan Stanley conducts business.

Legal and Regulatory Risk

Legal and compliance risk includes the risk of exposure to fines, penalties, judgements, damages and/or settlements in connection with regulatory or legal actions as a result of non-compliance with applicable legal or regulatory requirements or litigation. Legal risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. In today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a component of legal risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact Morgan Stanley's business.

Like other major financial services firms, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it operates. Morgan Stanley also faces the risk of investigations and proceedings by governmental and self-regulatory agencies in all countries in which Morgan Stanley conducts its business. Interventions by authorities may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. In addition to the monetary consequences, these measures could, for example, impact Morgan Stanley's ability to engage in, or impose limitations on, certain of its businesses. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has increased substantially in recent years with regard to many firms in the financial services industry, including Morgan Stanley. Significant regulatory action against Morgan Stanley could materially adversely affect its business, financial condition or results of operations or cause Morgan Stanley significant reputational harm, which could seriously harm Morgan Stanley's business. The Dodd-Frank Act also provides a bounty to whistleblowers who present the SEC with information related to securities laws violations that leads to a successful enforcement action. As a result of this bounty, it is possible Morgan Stanley may face an increased number of investigations by the SEC.

In response to the financial crisis, legislators and regulators in the U.S., in the U.K. and worldwide, have adopted, or are currently considering enacting, financial market reforms that have resulted and could result in major changes to the way Morgan Stanley's global operations are regulated. In particular, as a

result of the Dodd-Frank Act, Morgan Stanley is subject to significantly revised and expanded regulation and supervision, to more intensive scrutiny of Morgan Stanley's businesses and any plans for expansion of those businesses, to new activities limitations, to a systemic risk regime which will impose especially high capital and liquidity requirements, and to comprehensive new derivatives regulation. Certain portions of the Dodd-Frank Act were effective immediately, while other portions will be effective only following rule making and extended transition periods, but many of these changes could in the future materially impact the profitability of Morgan Stanley's businesses, the value of assets Morgan Stanley holds, expose Morgan Stanley to additional costs, require changes to business practices or force Morgan Stanley to discontinue businesses, could adversely affect Morgan Stanley's ability to pay dividends, or could require Morgan Stanley to raise capital, including in ways that may adversely impact Morgan Stanley's shareholders or creditors. While there continues to be uncertainty about the exact impact of these changes, Morgan Stanley does know that it will be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

For example, the Volcker Rule provision of the Dodd-Frank Act will have an impact on Morgan Stanley, including potentially limiting various aspects of its business. Regulators have proposed regulations to implement the substantive Volcker Rule provisions and comments were due by 13 February 2012. It is unclear whether final rules will be in place by 21 July 2012 when the Volcker Rule is to become effective. Even with the publication of proposed rules, however, it is still too early to determine any additional limitations on Morgan Stanley beyond the restriction on standalone proprietary trading. There remains considerable uncertainty about the interpretation of the proposed rules, and Morgan Stanley is also unable to predict what the final version of the rules will be or the impact they may have on its businesses. Morgan Stanley is closely monitoring regulatory developments related to the Volcker Rule, and when the regulations are final, Morgan Stanley will be in a position to complete a review of its relevant activities and make plans to implement compliance with the Volcker Rule.

The financial services industry faces substantial litigation and is subject to regulatory investigations, 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, as well as investigations or proceedings brought by regulatory agencies, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal or regulatory actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages, or may result in penalties, fines, or other results adverse to Morgan Stanley. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress. Like any large corporation, 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 could materially adversely affect Morgan Stanley's business, financial condition or results of operations or cause it significant reputational harm, which could seriously harm Morgan Stanley's business. For example, recently, the level of litigation activity focused on residential mortgage and credit crisis related matters has increased materially in the financial services industry. As a result, Morgan Stanley has been and expects that it may continue to become the subject of increased claims for damages and other relief regarding residential mortgages and related securities in the future and there can be no assurance that additional material losses will not be incurred from residential mortgage claims that have not yet been notified to it or are not yet determined to be material.

Morgan Stanley's business, financial condition and results of operations could be adversely affected by governmental fiscal and monetary policies

Morgan Stanley is affected by fiscal and monetary policies adopted by regulatory authorities and bodies of the U.S., the U.K. and other governments. For example, the actions of the Fed and international central

banking authorities directly impact Morgan Stanley's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments Morgan Stanley holds. In addition, such changes in monetary policy may affect the credit quality of Morgan Stanley's customers. Changes in domestic and international monetary policy are beyond Morgan Stanley's control and difficult to predict.

Morgan Stanley's commodities activities subject it to extensive regulation, potential catastrophic events and environmental risks and regulation that may expose it to significant costs and liabilities

In connection with the commodities activities in Morgan Stanley's Institutional Securities business segment, Morgan Stanley engages in the production, storage, transportation, marketing and trading of several commodities, including metals (base and precious), agricultural products, crude oil, oil products, natural gas, electric power, emission credits, coal, freight, liquefied natural gas and related products and indices. In addition, Morgan Stanley is an electricity power marketer in the U.S. and owns electricity generating facilities in the U.S. and Europe; Morgan Stanley owns TransMontaigne Inc. and its subsidiaries, a group of companies operating in the refined petroleum products marketing and distribution business; and Morgan Stanley owns a minority interest in Heidmar Holdings LLC, which owns a group of companies that provide international marine transportation and U.S. marine logistics services. As a result of these activities, Morgan Stanley is subject to extensive and evolving energy, commodities, environmental, health and safety and other governmental laws and regulations. In addition, liability may be incurred without regard to fault under certain environmental laws and regulations for the remediation of contaminated areas. Further, through these activities Morgan Stanley is exposed to regulatory, physical and certain indirect risks associated with climate change. Morgan Stanley's commodities business also exposes it to the risk of unforeseen and catastrophic events, including natural disasters, leaks, spills, explosions, release of toxic substances, fires, accidents on land and at sea, wars and terrorist attacks that could result in personal injuries, loss of life, property damage, and suspension of operations.

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

Morgan Stanley is engaged in discussions with the Fed regarding its commodities activities, as the Bank Holding Company Act of 1956, as amended (the "**BHC Act**") provides a grandfather exemption for "activities related to the trading, sale or investment in commodities and underlying physical properties," provided that Morgan Stanley were engaged in "any of such activities as of 30 September 1997 in the United States" and provided that certain other conditions that are within Morgan Stanley's reasonable control are satisfied. If the Fed were to determine that any of Morgan Stanley's commodities activities did not qualify for the BHC Act grandfather exemption, then it would likely be required to divest any such activities that did not otherwise conform to the BHC Act by the end of any extensions of the BHC Act grace period.

Morgan Stanley also expects the other laws and regulations affecting its commodities business to increase in both scope and complexity. During the past several years, intensified scrutiny of certain 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. For example, the U.S. and the E.U. have increased focus on the energy markets which has resulted in increased regulation of companies participating in the energy markets, including those engaged in power generation and liquid hydrocarbons trading. In addition, new regulation of OTC derivatives markets in the U.S. and similar legislation proposed or adopted abroad will impose significant new costs and impose new requirements on Morgan Stanley's

commodities derivatives activities. Morgan Stanley may incur substantial costs or loss of revenue in complying with current or future laws and regulations and its overall businesses and reputation may be adversely affected by the current legal environment. In addition, failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties.

A failure to address conflicts of interest appropriately could adversely affect Morgan Stanley's businesses

As a global financial services firm that provides products and services to a large and diversified group of clients, including corporations, governments, financial institutions and individuals, Morgan Stanley faces potential conflicts of interests in the normal course of business. For example, potential conflicts can occur when there is a divergence of interests between Morgan Stanley and a client, among clients, or between an employee on the one hand and Morgan Stanley or a client on the other. Morgan Stanley has policies, procedures and controls that are designed to address potential conflicts of interest. However, identifying and mitigating potential conflicts of interest can be complex and challenging, and can become the focus of media and regulatory scrutiny. Indeed, actions that merely appear to create a conflict can put Morgan Stanley's reputation at risk even if the likelihood of an actual conflict has been mitigated. It is possible that potential conflicts could give rise to litigation or enforcement actions, which may lead to Morgan Stanley's clients being less willing to enter into transactions in which a conflict may occur and could adversely affect Morgan Stanley's businesses.

Morgan Stanley's regulators have the ability to scrutinize Morgan Stanley's activities for potential conflicts of interest, including through detailed examinations of specific transactions. In addition, Morgan Stanley's status as a bank holding company supervised by the Fed subjects Morgan Stanley to direct Fed scrutiny with respect to transactions between Morgan Stanley's domestic subsidiary banks and their affiliates.

Risk Management

Morgan Stanley's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk

Morgan Stanley has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future. Nonetheless, Morgan Stanley's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of Morgan Stanley's methods of managing risk are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. For example, market conditions over the last several years have involved unprecedented dislocations and highlight the limitations inherent in using historical information to manage risk. Management of market, credit, liquidity, operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Morgan Stanley's trading risk management strategies and techniques also seek to balance its ability to profit from trading positions with Morgan Stanley's exposure to potential losses. While it employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. Morgan Stanley may, therefore, incur losses in the course of its trading activities.

Competitive Environment

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 aspects of Morgan Stanley's businesses, are intensely competitive, and Morgan Stanley expects them to remain so. Morgan Stanley competes with commercial banks, brokerage firms, 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, products and services, innovation, reputation, risk appetite and price. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in Morgan Stanley's remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of products and services and geographic diversity. Morgan Stanley has experienced and may continue to experience pricing pressures as a result of these factors and as some of its competitors seek to increase market share by reducing prices.

Automated trading markets may adversely affect Morgan Stanley's business and may increase competition

Morgan Stanley has experienced intense price competition in some of its businesses in recent years. In particular, the ability to execute securities trades electronically on exchanges and through other automated trading markets has increased the pressure on trading commissions. The trend toward direct access to automated, electronic markets will likely continue. Morgan Stanley has experienced and it is likely that it will continue to 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.

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 changes based on business and individual performance and market conditions. If Morgan Stanley is unable to continue to attract and retain qualified employees, or do so at rates necessary to maintain its competitive position, or if compensation costs required to attract and retain employees become more expensive, Morgan Stanley's performance, including its competitive position, could be materially adversely affected. The financial industry has experienced and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive based compensation, clawback requirements and special taxation, which could have an adverse effect on Morgan Stanley's ability to hire or retain the most qualified employees.

International Risk

Morgan Stanley is subject to numerous political, economic, legal, operational, franchise and other risks as a result of its international operations which could adversely impact its businesses in many ways

Morgan Stanley is subject to political, economic, legal, tax, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability. 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 Morgan Stanley's businesses in that market but

also on Morgan Stanley's reputation generally. Morgan Stanley is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

Various emerging market countries have experienced severe political, economic and financial disruptions, including significant devaluations of their currencies, capital and currency exchange controls, high rates of inflation and low or negative growth rates in their economies. Crime and corruption, as well as issues of security and personal safety, also exist in certain of these countries. These conditions could adversely impact Morgan Stanley's businesses and increase volatility in financial markets generally.

The emergence of a disease pandemic or other widespread health emergency, or concerns over the possibility of such an emergency as well as natural disasters, terrorist activities or military actions, 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.

As a U.S. company, Morgan Stanley is required to comply with the economic sanctions and embargo programs administered by the Treasury's Office of Foreign Assets Control ("**OFAC**") and similar multi-national bodies and governmental agencies worldwide and the U.S. Foreign Corrupt Practices Act ("**FCPA**"). A violation of a sanction or embargo program or of the FCPA or similar laws prohibiting certain payments to governmental officials, such as the U.K. Bribery Act, could subject Morgan Stanley, and individual employees, to a regulatory enforcement action as well as significant civil and criminal penalties.

Acquisition and Joint Venture Risk

Morgan Stanley may be unable to fully capture the expected value from acquisitions, joint ventures, minority stakes and strategic alliances

In connection with past or future acquisitions, joint ventures (including MSSB) or strategic alliances (including with MUFG), Morgan Stanley 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, trading counterparties and business partners. In the case of joint ventures and minority stakes, Morgan Stanley is subject to additional risks and uncertainties because it may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under Morgan Stanley's control.

For example, the ownership arrangements relating to Morgan Stanley's joint venture in Japan with MUFG of their respective investment banking and securities businesses are complex. MUFG and Morgan Stanley have integrated their respective Japanese securities businesses by forming two joint venture companies, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**") and Morgan Stanley MUFG Securities, Co., Ltd. ("**MSMS**"). During the first quarter of 2011, Morgan Stanley recorded a loss of \$655 million arising from its 40% stake in MUMSS related to certain fixed income trading positions at MUMSS, which is a subsidiary of MUFG that is controlled and risk managed by MUFG. While MUFG contributed \$370 million in capital to MUMSS in connection with the trading losses, additional losses could be incurred by MUMSS in the future.

In addition, conflicts or disagreements between Morgan Stanley and any of its joint venture partners may negatively impact the benefits to be achieved by the relevant joint venture. There is no assurance that any of Morgan Stanley's acquisitions will be successfully integrated or yield all of the positive benefits anticipated. If Morgan Stanley is not able to integrate successfully its past and future acquisitions, there is a risk that Morgan Stanley's results of operations, financial condition and cash flows may be materially and adversely affected.

Certain of Morgan Stanley's business initiatives, including expansions of existing businesses, may bring Morgan Stanley into contact, directly or indirectly, with individuals and entities that are not within Morgan Stanley's traditional client and counterparty base and may expose Morgan Stanley to new asset classes and new markets. These business activities expose Morgan Stanley to new and enhanced risks, greater regulatory scrutiny of these activities, increased credit-related, sovereign and operational risks, and reputational concerns regarding the manner in which these assets are being operated or held.

Risk factors specific to Morgan Stanley Jersey, MSBV and MSI plc

All material assets of Morgan Stanley Jersey and MSBV are obligations of one or more companies in the Morgan Stanley group and Morgan Stanley Jersey's or MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV and Morgan Stanley Jersey

All material assets of Morgan Stanley Jersey and MSBV are obligations of (or securities issued by) one or more Morgan Stanley group companies. If one of these Morgan Stanley group companies incur losses with respect to any of their activities (irrespective of whether those activities relate to Morgan Stanley Jersey or MSBV or not) their ability to fulfil their obligations to Morgan Stanley Jersey and MSBV could be impaired, thereby exposing holders of securities issued by Morgan Stanley Jersey or MSBV to a risk of loss. Should this circumstance materialise, the payment obligations of Morgan Stanley Jersey and MSBV under the terms of the securities would be guaranteed by Morgan Stanley.

Risks relating to insolvency proceedings in the Netherlands

The validity or enforceability of any documents or any legal act (*rechtshandeling*) forming part thereof or contemplated thereby in relation to any securities issued by MSBV are subject to and limited by the protection afforded by Netherlands law to creditors whose interests have been adversely affected pursuant to the rules of Netherlands law relating to (x) unlawful acts (*onrechtmatige daden*) based on Section 6:162 et seq. of the Netherlands Civil Code (*Burgerlijk Wetboek*) and (y) fraudulent conveyance or preference (*actio pauliana*) within the meaning of Section 3:45 of the Netherlands Civil Code (*Burgerlijk Wetboek*). Furthermore, in the event of any insolvency proceedings being opened in the Netherlands in relation to MSBV, Dutch laws in relation to bankruptcy proceedings, in particular Section 42 et seq. of the Netherlands Bankruptcy Act (*Faillissementswet*) in relation to fraudulent conveyance or preference (*actio pauliana*) would apply.

There are substantial inter-relationships between MSI plc and other Morgan Stanley group companies

Morgan Stanley is the holding company of a global financial services group. MSI plc is one of the principal operating companies in the Morgan Stanley Group. MSI plc itself provides a wide range of financial and securities services. There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other companies in the Morgan Stanley Group, including the provision of funding, capital, services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees. As a consequence of such inter-relationships, and of the participation of both MSI plc and other Morgan Stanley Group companies in the global financial services sector, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSI plc. Any such effect could be direct, for example, where economic or market factors directly affect the markets in which MSI plc and other companies in the Morgan Stanley Group operate, or indirect, for example where any factor affects the ability of other companies in the Morgan Stanley Group to provide services or funding or capital to MSI plc or, directly or indirectly, to place business with MSI plc. Similarly, any development affecting the reputation or standing of Morgan Stanley or other companies in the Morgan Stanley Group may have an indirect effect on MSI plc. Such inter-relationships should therefore be taken into account in any assessment of MSI plc.

No guarantee

Securities issued by MSI plc will not be guaranteed by Morgan Stanley. Although Morgan Stanley has in the past provided financial support to MSI plc through capital injection and debt financing, there is no assurance that it will do so in the future.

Risk is an inherent part of both Morgan Stanley's and MSIP Group's (as defined below) business activity and is managed by MSIP Group within the context of the broader Morgan Stanley Group. The Morgan Stanley Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities on a global basis, in accordance with defined policies and procedures and in consideration of the individual legal entities. MSIP Group's own risk management policies and procedures are consistent with those of the Morgan Stanley Group.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Registration Document:

Document filed	Information incorporated by reference	Page reference
Morgan Stanley		
1. Current Report on Form 8-K dated 15 May 2012 (relating to matters approved at the Annual General Meeting of shareholders of Morgan Stanley, held on 15 May 2012, including appointment of directors.)	Whole document	
2. Proxy Statement dated 5 April 2012	Whole document	
3. Quarterly Report on Form 10-Q dated 7 May 2012 for the quarterly period ended 31 March 2012	Whole document	-
4. Annual Report on Form 10-K for the year ended 31 December 2011	(1) Paragraph titled "Credit Ratings"	91-92
	(2) Report of Independent Registered Public Accounting Firm	125
	(3) Consolidated Statements of Financial Condition	126-127
	(4) Consolidated Statements of Income	128
	(5) Consolidated Statements of Comprehensive Income	129
	(6) Consolidated Statements of Cash Flow	130
	(7) Consolidated Statements of Changes in Total Equity	131-132
	(8) Notes to the Consolidated Financial Statements	133-260
5. Annual Report on Form 10-K for the year ended 31 December 2010	(1) Report of Independent Registered Public Accounting Firm	119
	(2) Consolidated Statements of Financial Condition	120-121
	(3) Consolidated Statements of Income	122
	(4) Consolidated Statements of Comprehensive Income	123
	(5) Consolidated Statements of Cash Flow	124
	(6) Consolidated Statements of Changes in Total Equity	125-126

(7)	Notes to the Consolidated Financial Statements	127-251
-----	--	---------

Morgan Stanley & Co. International plc

6.	Report and Financial Statements for the year ended 31 December 2011	(1)	Independent auditor's report	12-13
		(2)	Consolidated income statement	14
		(3)	Consolidated Statement of comprehensive income	15
		(4)	Consolidated Statement of changes in equity	16-17
		(5)	Consolidated Statement of financial position	18
		(6)	Consolidated Statement of cash flows	19
		(7)	Notes to the consolidated financial statements	20-93
		(8)	MSI plc balance sheet	94
		(9)	Notes to MSI plc financial statements	95-119
7.	Report and Financial Statements for the year ended 31 December 2010	(1)	Independent auditor's report	9-10
		(2)	Consolidated income statement	11
		(3)	Consolidated Statement of comprehensive income	12
		(4)	Consolidated Statement of changes in equity	13-14
		(5)	Consolidated Statement of financial position	15
		(6)	Consolidated Statement of cash flows	16
		(7)	Notes to the consolidated financial statements	17-85
		(8)	MSI plc balance sheet	86
		(9)	Notes to MSI plc financial statements	87-108

Morgan Stanley (Jersey) Limited

8. Annual Report for the year ended 31 December 2011	(1)	Independent Auditors' Report	7-8
	(2)	Statement of Comprehensive Income	9
	(3)	Statement of Changes in Equity	10
	(4)	Statement of Financial Position	11
	(5)	Statement of Cash Flows	12
	(6)	Notes to the financial statements	13-39
9. Annual Report for the year ended 31 December 2010	(7)	Independent Auditors' Report	7
	(8)	Statement of Comprehensive Income	8
	(9)	Statement of Changes in Equity	9
	(10)	Statement of Financial Position	10
	(11)	Statement of Cash Flows	11
	(12)	Notes to the financial statements	12-37

Morgan Stanley B.V.

10. Annual Report for the year ended 31 December 2011	(1)	Independent Auditors' Report	47-48
	(2)	Statement of Comprehensive Income	8
	(3)	Statement of changes in equity	9
	(4)	Statement of Financial Position	10
	(5)	Statement of Cash Flows	11
	(6)	Notes to the Financial Statements	12-45
	(7)	Additional information	46
11. Annual Report for the year ended 31 December 2010	(1)	Independent Auditors' Report	45-46
	(2)	Statement of Comprehensive Income	8
	(3)	Statement of changes in equity	9
	(4)	Statement of Financial Position	10
	(5)	Statement of Cash Flows	11

(6)	Notes to the Financial Statements	12-43
(7)	Additional information	44

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 modifies or supersedes such statement.

Any information or documents incorporated by reference into the documents listed above do not form part of this Registration Document.

Each of Morgan Stanley, MSI plc, MSBV and Morgan Stanley Jersey, will at its registered office and at the specified offices of the Paying 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). Written or oral requests for inspection of such documents should be directed to the specified office of any Paying Agent.

In relation to item 3 incorporated by reference above, ratings of Morgan Stanley Derivative Products Inc.'s senior long term, unsecured debt have been given by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services and Moody's Investor Service, Inc. and appear on page 70 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

In relation to item 4 incorporated by reference above, ratings of Morgan Stanley Derivative Products Inc.'s senior long term, unsecured debt have been given by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services and Moody's Investor Services, Inc. and appear on page 220 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2011.

In relation to item 5 incorporated by reference above, ratings of Morgan Stanley Derivative Products Inc.'s senior long term, unsecured debt have been given by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services and Moody's Investor Services, Inc. and appear on page 210 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2010.

Standard & Poor's Financial Services LLC is not established in the European Economic Area but the rating it has assigned to Morgan Stanley Derivative Products is, with effect from 9 April 2012, endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating established in the European Economic Area and registered under the Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**") by the relevant competent authority.

Moody's Investors Service, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley Derivative Products Inc. is endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH, both rating agencies established in the European Economic Area and registered under the CRA Regulation by the relevant competent authorities.

In relation to item 3 incorporated by reference above, ratings of Morgan Stanley's senior unsecured debt have been given by Dominion Bond Rating Service, Inc., Fitch, Inc., Moody's Investors Service, Inc., Rating and Investment Information Inc. and Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services and appear on pages 58 and 118 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

Dominion Bond Rating Service, Inc. is not established in the European Economic Area but the ratings it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, a rating agency established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Fitch, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Moody's Investors Service, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH, both rating agencies established in the European Economic Area and registered under the CRA Regulation by the relevant competent authorities.

Ratings and Investment Information Inc. is not incorporated in the European Union and is not registered under the CRA Regulation in the E.U.

Standard & Poor's Financial Services LLC is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

In relation to item 3 incorporated by reference above, ratings of Morgan Stanley Bank N.A.'s senior unsecured debt have been given by Fitch, Inc., Moody's Investors Service, Inc. and Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services and appear on page 118 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

Fitch, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley Bank N.A. is endorsed by Fitch Ratings Limited, a rating established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Moody's Investors Service, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley Bank N.A. is endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH, both rating agencies established in the European Economic Area and registered under the CRA Regulation by the relevant competent authorities.

Standard & Poor's Financial Services LLC is not established in the European Economic Area but the rating it has assigned to Morgan Stanley Bank N.A. is, with effect from 9 April 2012, endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

DESCRIPTION OF MORGAN STANLEY

1. INFORMATION ABOUT MORGAN STANLEY

History and development of Morgan Stanley

Legal name, place of registration and registration number, date of incorporation

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. Morgan Stanley is a financial holding company regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended.

Registered office

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, NY 10036, U.S.A., telephone number +1 (212) 761 4000.

Legal and commercial name of Morgan Stanley

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

Supervision and Regulation

As a major financial services firm, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it operates. Moreover, in response to the financial crisis, legislators and regulators, both in the U.S. and worldwide, are in the process of adopting and implementing a wide range of reforms that will result in major changes to the way Morgan Stanley is regulated and conducts its business. It will take some time for the comprehensive effects of these reforms to emerge and be understood.

Regulatory Outlook

On 21 July 2010, President Obama of the United States signed the Dodd-Frank Act into law. While certain portions of the Dodd-Frank Act were effective immediately, other portions will be effective only following extended transition periods. Moreover, implementation of the Dodd-Frank Act will be accomplished through numerous rulemaking by multiple governmental agencies, only a portion of which have been completed. It remains difficult to assess fully the impact that the Dodd-Frank Act will have on Morgan Stanley and on the financial services industry generally. In addition, various international developments, such as the adoption of risk-based capital, leverage and liquidity standards by the Basel Committee on Banking Supervision (the "**Basel Committee**") known as "**Basel III**", will impact Morgan Stanley in the coming years.

It is likely that 2012 and subsequent years will see further material changes in the way major financial institutions are regulated in both the U.S. and other markets in which Morgan Stanley operates, although it remains difficult to predict which further reform initiatives will become law, how such reforms will be implemented or the exact impact they will have on Morgan Stanley's business, financial condition, results of operations and cash flows for a particular period.

Financial Holding Company

Morgan Stanley has operated as a bank holding company and financial holding company under the BHC Act since September 2008.

Consolidated Supervision

As a bank holding company, Morgan Stanley is subject to comprehensive consolidated supervision, regulation and examination by the Fed. As a result of the Dodd-Frank Act, the Fed also gained heightened authority to examine, prescribe regulations and take action with respect to all of Morgan Stanley's subsidiaries. In particular, as a result of the Dodd-Frank Act, Morgan Stanley is subject to (among other things) significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and plans for expansion of those businesses, to new activities limitations, to the Volcker Rule, to a systemic risk regime which will impose especially high capital and liquidity requirements, and to comprehensive new derivatives regulation. In addition, the Bureau of Consumer Financial Protection has exclusive rulemaking and primary enforcement and examination authority over Morgan Stanley and its subsidiaries with respect to federal consumer financial laws, to the extent applicable.

Scope of Permitted Activities. The BHC Act provides a two year period from 21 September 2008, the date that Morgan Stanley became a bank holding company, for Morgan Stanley to conform or dispose of certain non-conforming activities as defined by the BHC Act. Three one year extensions may be granted by the Fed upon approval of Morgan Stanley's application for each extension. Morgan Stanley has received the second of these extensions with respect to certain activities relating to its real estate and other funds businesses. Morgan Stanley has also disposed of certain non-conforming assets and conformed certain activities to the requirements of the BHC Act. Although conformance activities continue with respect to these businesses, it is possible that Morgan Stanley will be required, in 2012, to seek the Fed's approval for the third additional year's extension permitted by the BHC Act. The Fed may grant an extension if it finds that the extension will not be detrimental to public interest. Based on the non-conforming real estate and other investments and businesses which are required to be sold, Morgan Stanley believes that there would be no material adverse impact on its financial condition or operations.

In addition, Morgan Stanley is engaged in discussions with the Fed regarding its commodities activities, as the BHC Act also grandfathers "activities related to the trading, sale or investment in commodities and underlying physical properties", provided that Morgan Stanley was engaged in "any of such activities as of September 30, 1997 in the United States" and provided that certain other conditions that are within Morgan Stanley's reasonable control are satisfied. If the Fed were to determine that any of Morgan Stanley's commodities activities did not qualify for the BHC Act grandfather exemption, then Morgan Stanley would likely be required to divest any such activities that did not otherwise conform to the BHC Act by the end of any extensions of the grace period. As at the date of this Registration Document, Morgan Stanley does not believe, based on its interpretation of applicable law, that any such required divestment would have a material adverse impact on its financial condition or operations.

Activities Restrictions under the Volcker Rule. A section of the BHC Act added by the Dodd-Frank Act (the "**Volcker Rule**") will, over time, prohibit "banking entities", including Morgan Stanley and its affiliates, from engaging in "proprietary trading", as defined by the regulators. The Volcker Rule will also require banking entities to either restructure or unwind certain investments and relationships with "hedge funds" and "private equity funds", as such terms are defined in the Volcker Rule and by the regulators. Comments on proposed regulations to implement the substantive Volcker Rule provisions were due by 13 February, 2012. It is unclear whether final rules will be in place by 21 July 2012 when the Volcker Rule is scheduled to become effective.

Banking entities will have a two-year transition period to come into full compliance with the Volcker Rule, subject to the possibility of extensions. While full compliance with the Volcker Rule will likely only be required by July 2014, subject to extensions, Morgan Stanley's business and operations are expected to be impacted earlier, as operating models, investments and legal structures must be reviewed and gradually adjusted to the new legal environment. Morgan Stanley continues to review its private

equity fund, hedge fund and proprietary trading operations. With respect to the "proprietary trading" prohibition of the Volcker Rule, Morgan Stanley has previously announced plans to dispose of its in-house proprietary quantitative trading unit, Process-Driven Trading ("**PDT**"), by the end of 2012. For the year ended 31 December 2011, PDT did not have a material impact on Morgan Stanley's financial condition, results of operations and liquidity. Morgan Stanley has also previously exited other standalone proprietary trading businesses (defined as those businesses dedicated solely to investing Morgan Stanley's capital), and Morgan Stanley is continuing to liquidate legacy positions related to those businesses.

There remains considerable uncertainty about the interpretation of the proposed rules, and Morgan Stanley is unable to predict what the final version of the rules will be or the impact they may have on its businesses. Morgan Stanley is closely monitoring regulatory developments related to the Volcker Rule, and when the regulations are final, it will be in a position to complete a review of its relevant activities and make plans to implement compliance with the Volcker Rule.

Capital and Liquidity Standards. The Fed establishes capital requirements for Morgan Stanley and evaluates its compliance with such capital requirements. The Office of the Comptroller of the Currency (the "**OCC**") establishes similar capital requirements and standards for Morgan Stanley's national bank subsidiaries. Under current capital requirements, for Morgan Stanley to remain a financial holding company, its bank subsidiaries must qualify as "well capitalized" by maintaining a total capital ratio (total capital to risk-weighted assets) of at least 10% and a Tier 1 capital ratio of at least 6%. The capital standards applicable to Morgan Stanley's bank subsidiaries also apply directly to Morgan Stanley, as a holding company, and require it to remain "well capitalized" to maintain its status as a financial holding company. The Fed may require Morgan Stanley and its peer financial holding companies to maintain risk-based and leverage capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and their particular condition, risk profile and growth plans. In addition, under the Fed's leverage rules, bank holding companies that have implemented the Fed's risk-based capital measure for market risk, such as Morgan Stanley, are subject to a Tier 1 minimum leverage ratio of 3%.

Morgan Stanley calculates its capital ratios and risk-weighted assets ("**RWA**") in accordance with the capital adequacy standards for financial holding companies adopted by the Fed. These standards are based upon a framework described in the "International Convergence of Capital Measurement and Capital Standards," July 1988, as amended, also referred to as "Basel I". In December 2007, the U.S. banking regulators published final regulation incorporating the Basel II Accord, which requires internationally active banking organizations, as well as certain of their U.S. bank subsidiaries, to implement Basel II standards over the next several years. In July 2010, Morgan Stanley began reporting its capital adequacy standards on a parallel basis to its regulators under Basel I and Basel II as part of a phased implementation of Basel II.

In June 2011, the U.S. banking regulators published final regulations implementing a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring certain institutions supervised by the Fed, including Morgan Stanley, be subject to capital requirements that are not less than the generally applicable risk-based capital requirements. As a result, the generally applicable capital standards, which are based on Basel I standards, but may themselves change over time, will serve as a permanent floor to minimum capital requirements calculated under the Basel II standards Morgan Stanley is currently required to implement, as well as any future capital standards.

In addition, when implemented, Basel III will impose a new minimum Tier 1 common equity ratio of 4.5%, a minimum Tier 1 equity ratio of 6%, and the minimum total capital ratio will remain at 8.0% (plus a 2.5% capital conservation buffer consisting of common equity in addition to these ratios). The new capital conservation buffer will impose a common equity requirement above the new minimum that can be depleted under stress. Basel III also introduces new liquidity measures designed to monitor banking institutions for their ability to meet short-term cash flow needs and to address longer-term structural

liquidity mismatches. The Fed is expected to propose rules implementing Basel III in the U.S. in 2012. However, many provisions, once adopted, will be subject to extended phase-in periods.

The Fed has indicated that it intends to implement a provision under Basel III that would require global systemically important banks ("**G-SIBs**"), such as Morgan Stanley, to hold an additional capital buffer. Although the Fed has not yet issued a proposed rule to implement this G-SIB surcharge, in November 2011 the Financial Stability Board endorsed a Basel Committee proposal providing that the capital surcharge would range from 1% to 2.5% of risk-weighted assets, and that the largest systemically important financial institutions could potentially be subject to a 3.5% capital surcharge.

Capital Planning, Stress Tests and Dividends. U.S. banking regulators have recently imposed new capital planning and stress test requirements on large bank holding companies, including Morgan Stanley. As of December 2011, bank holding companies with \$50 billion or more of consolidated assets, such as Morgan Stanley, must submit annual capital plans to the Fed, taking into account the results of separate stress tests designed by the bank holding company and the Fed. The scenario provided by the Fed in 2011 includes a sizable shortfall in U.S. economic activity and employment, accompanied by a sizeable decline in global economic activity, sharp market price movements in European sovereign and financial sectors, among other adverse circumstances. The capital plans must include a description of all planned capital actions over a nine-quarter planning horizon, including any issuance of a debt or equity capital instrument, any capital distribution (i.e., payments of dividends or stock repurchases), and any similar action that the Fed determines could impact the bank holding company's consolidated capital. The capital plans must include a discussion of how the bank holding company will maintain capital above the minimum regulatory capital ratios and above a Tier 1 common ratio of 5%, and serve as a source of strength to its subsidiary depository institutions.

Beginning in 2012, bank holding companies subject to the capital planning requirements, including Morgan Stanley, must submit their capital plans in January each year, and the Fed must object to them, in whole or in part, or provide written notice of non-objection by March 31 each year. If the Fed objects to the capital plan, or if certain material events occur after approval of a plan, the bank holding company must submit a revised capital plan within 30 days. In addition, even with an approved capital plan, the bank holding company must seek the approval of the Fed before taking a capital action if, among other reasons, the bank holding company would not meet its regulatory capital requirements after taking the proposed capital action. In addition to capital planning requirements, the OCC, the Fed and the FDIC have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise, including the Company, Morgan Stanley Bank, N.A ("**MSBNA**") and other depository institution subsidiaries of Morgan Stanley, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. All of these policies and other requirements could influence Morgan Stanley's ability to pay dividends, or require it to provide capital assistance to MSBNA or Morgan Stanley Private Bank ("**MS Private Bank**") under circumstances under which Morgan Stanley would not otherwise decide to do so.

Systemic Risk Regime. The Dodd-Frank Act established a new regulatory framework applicable to financial institutions deemed to pose systemic risks. Bank holding companies with \$50 billion or more in consolidated assets, such as Morgan Stanley, became automatically subject to the systemic risk regime in July 2010. A new oversight body, the Financial Stability Oversight Council (the "**Council**"), can recommend prudential standards, reporting and disclosure requirements to the Fed for systemically important financial institutions, and must approve any finding by the Fed that a financial institution poses a grave threat to financial stability and must undertake mitigating actions. The Council is also empowered to designate systemically important payment, clearing and settlement activities of financial institutions, subjecting them to prudential supervision and regulation, and, assisted by the new Office of Financial Research within the U.S. Department of the Treasury ("**U.S. Treasury**") (established by the Dodd-Frank Act), can gather data and reports from financial institutions, including Morgan Stanley.

In December 2011, the Federal Reserve issued proposed rules to implement certain requirements of the systemic risk regime. Among other provisions, the proposed rules would require systemically important financial institutions, such as Morgan Stanley, to maintain a sufficient quantity of highly liquid assets to survive a projected 30-day liquidity stress event, to conduct regular liquidity stress tests, and to implement various liquidity risk management requirements. More generally, the proposed rules would require institutions to comply with a range of corporate governance requirements, such as establishment of a risk committee of the board of directors and appointment of a chief risk officer, both of which the Company already has.

The proposed rules would also limit the aggregate exposure of each of the largest systemically important financial institutions, including Morgan Stanley, to each other such institution to 10% of the aggregate capital and surplus of each institution, and limit the aggregate exposure of such institutions to any other bank holding company with \$50 billion or more of consolidated assets to 25% of each institution's aggregate capital and surplus. In addition, the proposed rules would create a new early remediation regime to address financial distress or material management weaknesses determined with reference to four levels of early remediation, including heightened supervisory review, initial remediation, recovery, and resolution assessment, with specific limitations and requirements tied to each level. The proposed rules would also subject systemically important financial institutions to regular stress tests, including institution-administered tests and separate tests conducted by the Fed, and require publication of public summaries of institutions' self-administered stress tests.

The systemic risk regime also provides that, for institutions posing a grave threat to U.S. financial stability, the Fed, upon Council vote, must limit that institution's ability to merge, restrict its ability to offer financial products, require it to terminate activities, impose conditions on activities or, as a last resort, require it to dispose of assets. Upon a grave threat determination by the Council, the Federal Reserve must issue rules that require financial institutions subject to the systemic risk regime to maintain a debt-to-equity ratio of no more than 15-to-1 if the Council considers it necessary to mitigate the risk. The Federal Reserve also has the ability to establish further standards, including those regarding contingent capital, enhanced public disclosures, and limits on short-term debt, including off-balance sheet exposures.

Orderly Liquidation Authority. Under the Dodd-Frank Act, financial companies, including bank holding companies such as Morgan Stanley and certain covered subsidiaries, can be subjected to a new orderly liquidation authority. The U.S. Treasury must first make certain extraordinary financial distress and systemic risk determinations. Absent such U.S. Treasury determinations, Morgan Stanley as a bank holding company would remain subject to the U.S. Bankruptcy Code.

The orderly liquidation authority went into effect in July 2010, and rulemaking to render it fully operative is proceeding in stages, with some implementing regulations now finalised and others planned but not yet proposed. If Morgan Stanley were subjected to the orderly liquidation authority, the FDIC would be appointed receiver, which would give the FDIC considerable rights and powers that it must exercise with the goal of liquidating and winding up Morgan Stanley, including (i) the FDIC's right to assign assets and liabilities and transfer some to a third party or bridge financial company without the need for creditor consent or prior court review; (ii) the ability of the FDIC to differentiate among creditors, including by treating junior creditors better than senior creditors, subject to a minimum recovery right to receive at least what they would have received in bankruptcy liquidation; and (iii) the broad powers given the FDIC to administer the claims process to determine which creditor receives what, and in which order, from assets not transferred to a third party or bridge financial institution.

U.S. Bank Subsidiaries

U.S. Banking Institutions. MSBNA, primarily a wholesale commercial bank, offers consumer lending and commercial lending services in addition to deposit products. Certain foreign exchange activities are also conducted in MSBNA. As an FDIC-insured national bank, MSBNA is subject to supervision, regulation and examination by the OCC.

MS Private Bank conducts certain mortgage lending activities primarily for customers of its affiliate retail broker-dealer, Morgan Stanley Smith Barney LLC ("**MSSB LLC**"). MS Private Bank also offers certain deposit products, as well as personal trust and prime brokerage custody services. MS Private Bank is an FDIC-insured national bank whose activities are subject to supervision, regulation and examination by the OCC.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act of 1991 provides a framework for regulation of depository institutions and their affiliates, including parent holding companies, by their federal banking regulators. Among other things, it requires the relevant federal banking regulator to take "prompt corrective action" with respect to a depository institution if that institution does not meet certain capital adequacy standards. Current regulations generally apply only to insured banks and thrifts such as MSBNA or MS Private Bank, National Association, and not to their parent holding companies, such as Morgan Stanley. The Fed is, however, subject to limitations, authorized to take appropriate action at the holding company level. In addition, as described above, under the systemic risk regime, Morgan Stanley will become subject to an early remediation protocol in the event of financial distress.

Transactions with Affiliates. Morgan Stanley's domestic subsidiary banks are subject to Sections 23A and 23B of the Federal Reserve Act, which impose restrictions on any extensions of credit to, purchase of assets from, and certain other transactions with, any affiliates. These restrictions include limits on the total amount of credit exposure that they may have to any one affiliate and to all affiliates, as well as collateral requirements, and they require all such transactions to be made on market terms. Under the Dodd-Frank Act, the affiliate transaction limits will be substantially broadened. Implementing rulemaking is called for by July 2012. At that time, Morgan Stanley's U.S. banking subsidiaries will also become subject to more onerous lending limits. Both reforms will place limits on Morgan Stanley's U.S. banking subsidiaries' ability to engage in derivatives, repurchase agreements and securities lending transactions with other affiliates of Morgan Stanley.

FDIC Regulation. An FDIC-insured depository institution is generally liable for any loss incurred or expected to be incurred by the FDIC in connection with the failure of an insured depository institution under common control by the same bank holding company. As FDIC-insured depository institutions, MSBNA and MS Private Bank, National Association are exposed to each other's losses. In addition, both institutions are exposed to changes in the cost of FDIC insurance. In 2010, the FDIC adopted a restoration plan to replenish the reserve fund over a multi-year period. Under the Dodd-Frank Act, some of the restoration must be paid for exclusively by large depository institutions, including MSBNA and assessments are calculated using a new methodology that generally favours banks that are mostly funded by deposits.

Institutional Securities and Global Wealth Management Group.

Broker-Dealer Regulation. Morgan Stanley's primary U.S. broker-dealer subsidiaries, Morgan Stanley & Co. and MSSB LLC, are registered broker-dealers with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, and are members of various self-regulatory organizations, including the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), and various securities exchanges and clearing organizations. In addition, Morgan Stanley & Co. and MSSB LLC are registered investment advisors with the SEC. Broker-dealers are subject to laws and regulations covering all aspects of the securities business, including sales and trading practices, securities offerings,

publication of research reports, use of customers' funds and securities, capital structure, recordkeeping and retention, and the conduct of their directors, officers, representatives and other associated persons. Broker-dealers are also regulated by securities administrators in those states where they do business. Violations of the laws and regulations governing a broker-dealer's actions could result in censures, fines, the issuance of cease-and-desist orders, revocation of licenses or registrations, the suspension or expulsion from the securities industry of such broker-dealer or its officers or employees, or other similar consequences by both federal and state securities administrators.

The Dodd-Frank Act includes various provisions that affect the regulation of broker-dealer sales practices and customer relationships. For example, the SEC is authorised to adopt a fiduciary duty applicable to broker-dealers when providing investment advice to retail customers. The Dodd-Frank Act also creates a new category of regulation for "municipal advisors", which are subject to a fiduciary duty with respect to certain activities. The U.S. Department of Labour is considering revisions to regulations under the Employee Retirement Income Security Act of 1974 ("**ERISA**") that subject broker-dealers to a fiduciary duty and prohibit specified transactions for a wider range of customer interactions. These developments may impact the manner in which affected businesses are conducted, decrease profitability and increase potential liabilities. If the SEC exercises authority provided to it under the Dodd-Frank Act to prohibit or limit the use of mandatory arbitration pre-dispute agreements between a broker-dealer and its customers, it may materially increase Morgan Stanley's litigation costs.

Margin lending by broker-dealers is regulated by the Fed 's restrictions on lending in connection with customer and proprietary purchases and short sales of securities, as well as securities borrowing and lending activities. Broker-dealers are also subject to maintenance and other margin requirements imposed under FINRA and other self-regulatory organization rules. In many cases, Morgan Stanley's broker-dealer subsidiaries' margin policies are more stringent than these rules.

As registered U.S. broker-dealers, certain subsidiaries of Morgan Stanley are subject to the SEC's net capital rule and the net capital requirements of various exchanges, other regulatory authorities and self-regulatory organizations. Many non-U.S. regulatory authorities and exchanges also have rules relating to capital and, in some cases, liquidity requirements that apply to Morgan Stanley's non-U.S. broker-dealer subsidiaries. These rules are generally designed to measure general financial integrity and/or liquidity and require that at least a minimum amount of net and/or more liquid assets be maintained by the subsidiary. Rules of FINRA and other self-regulatory organizations also impose limitations and requirements on the transfer of member organizations' assets.

Compliance with regulatory capital requirements may limit Morgan Stanley's operations requiring the intensive use of capital. Such requirements restrict Morgan Stanley's ability to withdraw capital from its broker-dealer subsidiaries, which in turn may limit its ability to pay dividends, repay debt, or redeem or purchase shares of its own outstanding stock. Any change in such rules or the imposition of new rules affecting the scope, coverage, calculation or amount of capital requirements, or a significant operating loss or any unusually large charge against capital, could adversely affect Morgan Stanley's ability to pay dividends or to expand or maintain present business levels. In addition, such rules may require Morgan Stanley to make substantial capital infusions into one or more of its broker-dealer subsidiaries in order for such subsidiaries to comply with such rules.

Morgan Stanley & Co. and MSSB LLC are members of the Securities Investor Protection Corporation ("**SIPC**"), which provides protection for customers of broker-dealers against losses in the event of the insolvency of a brokerdealer. SIPC protects customers' eligible securities held by a member broker-dealer up to \$500,000 per customer for all accounts in the same capacity subject to a limitation of \$250,000 for claims for uninvested cash balances. To supplement this SIPC coverage, each of Morgan Stanley & Co. and MSSB LLC have purchased additional protection for the benefit of their customers in the form of an annual policy issued by certain underwriters and various insurance companies that provides protection for each eligible customer above SIPC limits subject to an aggregate firmwide cap of \$1 billion with no per

client sublimit for securities and a \$1.9 million per client limit for the cash portion of any remaining shortfall. As noted under "Systemic Risk Regime," the Dodd-Frank Act contains special provisions for the orderly liquidation of covered financial institutions (which could potentially include Morgan Stanley & Co. and/or MSSB LLC). While these provisions are generally intended to provide customers of covered broker-dealers with protections at least as beneficial as they would enjoy in a broker-dealer liquidation proceeding under the Securities Investor Protection Act, the details and implementation of such protections are subject to further rulemaking.

Over the past few years the SEC has undertaken a review of a wide range of equity market structure issues. As a part of this review, the SEC has adopted new regulations and proposed various rules regarding market transparency. A new short sale uptick rule that limits the ability to sell short securities that have experienced specified price declines is now in effect. The SEC also adopted rules requiring broker-dealers to maintain risk management controls and supervisory procedures with respect to providing access to securities markets, which will become fully effective in 2012. In addition, in an effort to prevent volatile trading, self-regulatory organizations have adopted trading pauses, more commonly referred to as circuit breakers, with respect to certain securities. It is possible that the SEC or self-regulatory organizations could propose or adopt additional market structure rules in the future.

The provisions, new rules and proposals discussed above could result in increased costs and could otherwise adversely affect trading volumes and other conditions in the markets in which Morgan Stanley operates.

Regulation of Registered Futures Activities and Certain Commodities Activities. As registered futures commission merchants, Morgan Stanley & Co. and MSSB LLC are subject to net capital requirements of, and their activities are regulated by, the U.S. Commodity Futures Trading Commission (the "CFTC") and various commodity futures exchanges. Morgan Stanley's futures and options-on-futures businesses also are regulated by the National Futures Association ("NFA"), a registered futures association, of which Morgan Stanley & Co. and MSSB LLC and certain of their affiliates are members. These regulatory requirements differ for clearing and non-clearing firms, and they address obligations related to, among other things, the registration of the futures commission merchant and certain of its associated persons, membership with the NFA, the segregation of customer funds and the holding a part of a secured amount, the use of customer funds, the receipt of an acknowledgment of certain written risk disclosure statements, the receipt of trading authorizations, the furnishing of daily confirmations and monthly statements, recordkeeping and reporting obligations, the supervision of accounts and antifraud prohibitions. Among other things, the NFA has rules covering a wide variety of areas such as advertising, telephone solicitations, risk disclosure, discretionary trading, disclosure of fees, minimum capital requirements, reporting and proficiency testing. Morgan Stanley & Co. and MSSB LLC have affiliates that are registered as commodity trading advisors and/or commodity pool operators, or are operating under certain exemptions from such registration pursuant to CFTC rules and other guidance. Under CFTC and NFA rules, commodity trading advisors who manage accounts and are registered with the NFA must distribute disclosure documents and maintain specified records relating to their activities, and clients and commodity pool operators have certain responsibilities with respect to each pool they operate. For each pool, a registered commodity pool operator must prepare and distribute a disclosure document; distribute periodic account statements; prepare and distribute audited annual financial reports; and keep specified records concerning the participants, transactions and operations of each pool, as well as records regarding transactions of the commodity pool operator and its principals. Violations of the rules of the CFTC, the NFA or the commodity exchanges could result in remedial actions, including fines, registration restrictions or terminations, trading prohibitions or revocations of commodity exchange memberships.

Morgan Stanley's commodities activities are subject to extensive and evolving energy, commodities, environmental, health and safety and other governmental laws and regulations in the U.S. and abroad. Intensified scrutiny of certain energy markets by U.S. federal, state and local authorities in the U.S. and

abroad and by the public has resulted in increased regulatory and legal enforcement and remedial proceedings involving energy companies, including those engaged in power generation and liquid hydrocarbons trading. Terminal facilities and other assets relating to Morgan Stanley's commodities activities also are subject to environmental laws both in the U.S. and abroad. In addition, pipeline, transport and terminal operations are subject to state laws in connection with the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by Morgan Stanley or locations to which Morgan Stanley had sent wastes for disposal.

On 18 October 2011, the CFTC adopted a position limits rule that, when effective, would impose position limits on a trader's positions in futures, options, and swaps on 28 energy, metals, and agricultural commodities. In December 2011, industry organizations filed a lawsuit against the CFTC challenging the validity of the rule. This rule, if it withstands legal challenge and becomes effective, may affect trading strategies and affect the profitability of various businesses and transactions.

Derivatives Regulation. Through the Dodd-Frank Act, Morgan Stanley will face a comprehensive U.S. regulatory regime for its activities in certain over-the-counter ("**OTC**") derivatives. The regulation of "swaps" and "security-based swaps" (collectively, "**Swaps**") in the U.S. will be effected and implemented through CFTC, SEC and other agency regulations, are currently being adopted.

The Dodd-Frank Act requires central clearing of certain types of Swaps, public and regulatory reporting and mandatory trading on regulated exchanges or execution facilities. These requirements are subject to some exceptions and will be phased in over time. However, market participants, including Morgan Stanley's entities engaging in Swaps, will have to centrally clear, report and trade on an exchange or execution facility certain Swap transactions that are currently uncleared, not reported publicly and executed bilaterally. The Dodd-Frank Act also requires the registration of "swap dealers" and "major swap participants" with the CFTC and "security-based swap dealers" and "major security-based swap participants" with the SEC (collectively, "**Swaps Entities**"). Certain subsidiaries of Morgan Stanley will be required to register as a swap dealer and security-based swap dealer and it is possible some subsidiaries may register as a major swap participant and major security-based swap participant.

Swaps Entities will be subject to a comprehensive regulatory regime with new obligations for the Swaps activities for which they are registered, including new capital requirements, a new margin regime for uncleared Swaps and a new segregation regime for collateral of counterparties to uncleared Swaps. Swaps Entities also will be subject to additional duties, including internal and external business conduct and documentation standards with respect to their Swaps counterparties.

The specific parameters of these Swaps Entities requirements are being developed through CFTC, SEC and bank regulator rulemakings. The impact of the regulation on Morgan Stanley entities required to register remains unclear. It is likely, however, that Morgan Stanley will face increased costs due to the registration and regulatory requirements listed above. Complying with the proposed regulation of Swaps Entities could require Morgan Stanley to restructure its Swaps businesses, require extensive systems changes, require personnel changes, and raise additional potential liabilities and regulatory oversight. Compliance with Swap-related regulatory capital requirements may require Morgan Stanley to devote more capital to its Swaps business. The extraterritorial impact of the rules also remains unclear.

Morgan Stanley Swap Entities will also be subject to new rules under the Dodd-Frank Act regarding segregation of customer collateral for cleared transactions, position limits, large trader reporting regimes, compensation requirements and anti-fraud and anti-manipulation requirements related to activities in Swaps.

The European Union is in the process of amending its own set of OTC derivatives regulations. In October 2011, the European Union published a proposal to amend the Markets in Financial Instruments Directive and recently reached an accord to require central clearing of certain OTC derivatives. Morgan Stanley currently expects that, when the European Union OTC derivatives regime is fully implemented, it will be

similar to derivatives regulation under the Dodd-Frank Act, including with respect to the scope of derivatives covered, and mandatory clearing, reporting, and trading requirements. It is unclear at present how the European Union and U.S. derivatives regulation will interact.

Non-U.S. Regulation. Morgan Stanley's institutional securities businesses also are regulated extensively by non-U.S. regulators, including governments, securities exchanges, commodity exchanges, self-regulatory organizations, central banks and regulatory bodies, especially in those jurisdictions in which Morgan Stanley maintains an office. Certain Morgan Stanley subsidiaries are regulated as broker-dealers under the laws of the jurisdictions in which they operate. Subsidiaries engaged in banking and trust activities outside the U.S. are regulated by various government agencies in the particular jurisdiction where they are chartered, incorporated and/or conduct their business activity. For instance, the FSA and several U.K. securities and futures exchanges, including the London Stock Exchange and Euronext.liffe, regulate Morgan Stanley's activities in the U.K.; the Bundesanstalt für Finanzdienstleistungsaufsicht (the Federal Financial Supervisory Authority) and the Deutsche Börse AG regulate its activities in the Federal Republic of Germany; Eidgenössische Finanzmarktaufsicht (the Financial Market Supervisory Authority) regulates its activities in Switzerland; the Financial Services Agency, the Bank of Japan, the Japanese Securities Dealers Association and several Japanese securities and futures exchanges, including the Tokyo Stock Exchange, the Osaka Securities Exchange and the Tokyo International Financial Futures Exchange, regulate its activities in Japan; the Hong Kong Securities and Futures Commission, the Hong Kong Monetary Authority and the Hong Kong Exchanges and Clearing Limited regulate its operations in Hong Kong; and the Monetary Authority of Singapore and the Singapore Exchange Limited regulate its business in Singapore.

Asset Management.

Many of the subsidiaries engaged in Morgan Stanley's asset management activities are registered as investment advisors with the SEC. Many aspects of Morgan Stanley's asset management activities are subject to federal and state laws and regulations primarily intended to benefit the investor or client. These laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict Morgan Stanley from carrying on its asset management activities in the event that it fails to comply with such laws and regulations. Sanctions that may be imposed for such failure include the suspension of individual employees, limitations on Morgan Stanley engaging in various asset management activities for specified periods of time or specified types of clients, the revocation of registrations, other censures and significant fines. In order to facilitate its asset management business, Morgan Stanley owns a registered U.S. broker-dealer, Morgan Stanley Distribution, Inc., which acts as distributor to the Morgan Stanley mutual funds and as placement agent to certain private investment funds managed by Morgan Stanley's asset management business segment.

As a result of the passage of the Dodd-Frank Act, Morgan Stanley's asset management activities will be subject to certain additional laws and regulations, including, but not limited to, additional reporting and recordkeeping requirements (including with respect to clients that are private funds), restrictions on sponsoring or investing in, or maintaining certain other relationships with, hedge funds and private equity funds under the Volcker Rule (subject to certain limited exceptions) and certain rules and regulations regarding trading activities, including trading in derivatives markets. Many of these new requirements may increase the expenses associated with Morgan Stanley's asset management activities and/or reduce the investment returns Morgan Stanley is able to generate for its asset management clients. Many important elements of the Dodd-Frank Act will not be known until rulemaking is finalized and certain final regulations are adopted.

Morgan Stanley's Asset Management business is also regulated outside the U.S. For example, the FSA regulates Morgan Stanley's business in the U.K.; the Financial Services Agency regulates Morgan Stanley's business in Japan; the Securities and Exchange Board of India regulates Morgan Stanley's

business in India; and the Monetary Authority of Singapore regulates Morgan Stanley's business in Singapore.

Anti-Money Laundering and Economic Sanctions.

Morgan Stanley's Anti-Money Laundering ("**AML**") program is coordinated on an enterprise-wide basis. In the U.S., for example, the Bank Secrecy Act, as amended by the U.S.A PATRIOT Act of 2001 (the "**BSA/U.S.A PATRIOT Act**"), imposes significant obligations on financial institutions to detect and deter money laundering and terrorist financing activity, including requiring banks, bank holding company subsidiaries, broker-dealers, future commission merchants, and mutual funds to implement AML programs, verify the identity of customers that maintain accounts and monitor and report suspicious activity to appropriate law enforcement or regulatory authorities. Outside the U.S., applicable laws, rules and regulations similarly require designated types of financial institutions to implement AML programs. Morgan Stanley has implemented policies, procedures and internal controls that are designed to comply with all applicable AML laws and regulations. Morgan Stanley has also implemented policies, procedures, and internal controls that are designed to comply with the regulations and economic sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), which enforces economic and trade sanctions against targeted foreign countries, entities and individuals based on external threats to the U.S. foreign policy, national security, or economy, by other governments, or by global or regional multilateral organizations, such as the United Nations Security Council.

Anti-Corruption.

Morgan Stanley is subject to the U.S. Foreign Corrupt Practices Act ("**FCPA**"), which prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. Morgan Stanley is also subject to applicable anti-corruption laws in the jurisdictions in which it operates, such as the U.K. Bribery Act, which became effective on 1 July 2011. Morgan Stanley has implemented policies, procedures, and internal controls that are designed to comply with such laws, rules, and regulations.

Protection of Client Information.

Many aspects of Morgan Stanley's business are subject to legal requirements concerning the use and protection of certain customer information, including those adopted pursuant to the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act of 2003 in the U.S., the European Union Data Protection Directive in the E.U. and various laws in Asia, including the Japanese Personal Information (Protection) Law, the Hong Kong Personal Data (Protection) Ordinance and the Australian Privacy Act. Morgan Stanley has adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions.

Research.

Both U.S. and non-U.S. regulators continue to focus on research conflicts of interest. Research-related regulations have been implemented in many jurisdictions. New and revised requirements resulting from these regulations and the global research settlement with U.S. federal and state regulators (to which Morgan Stanley is a party) have necessitated the development or enhancement of corresponding policies and procedures.

Compensation Practices and Other Regulation.

Morgan Stanley's compensation practices are subject to oversight by the Fed. In June 2010, the Fed and other federal regulators issued final guidance applicable to all banking organizations, including those supervised by the Fed. This guidance was promulgated in accordance with compensation principles and standards for banks and other financial companies, which were designed to encourage the sound

compensation practices established by the Financial Stability Board at the direction of the leaders of the Group of Twenty Finance Ministers and Central Bank Governors. The guidance was designed to help ensure that incentive compensation paid by banking organizations does not encourage imprudent risk-taking that threatens the organizations' safety and soundness. The scope and content of the Fed's policies on executive compensation are continuing to develop and may change based on findings from its horizontal review process, and Morgan Stanley expects that these policies will evolve over a number of years. In this regard, in October 2011, the Fed published its first report detailing findings from its horizontal review process. In the report, the Fed announced its intention to implement the compensation disclosure requirements adopted in July 2011 by the Basel Committee.

Morgan Stanley is subject to the compensation-related provisions of the Dodd-Frank Act, which may impact its compensation practices. Pursuant to the Dodd-Frank Act, among other things, federal regulators, including the Fed, must prescribe regulations to require covered financial institutions, including Morgan Stanley, to report the structures of all of their incentive-based compensation arrangements and prohibit incentive-based payment arrangements that encourage inappropriate risks by providing employees, directors or principal shareholders with compensation that is excessive or that could lead to material financial loss to the covered financial institution. In April 2011, seven federal agencies, including the Fed, jointly proposed an interagency rule implementing this requirement. The proposed rule is expected to be finalized in 2012. Further, pursuant to Dodd-Frank, the SEC must direct listing exchanges to require companies to implement policies relating to disclosure of incentive-based compensation that is based on publicly reported financial information and the clawback of such compensation from current or former executive officers following certain accounting restatements.

In addition to the guidelines issued by the Fed and referenced above, Morgan Stanley's compensation practices may also be impacted by other regulations promulgated in accordance with the Financial Stability Board compensation principles and standards. These standards are to be implemented by local regulators. For instance, in December 2010, the FSA published a policy statement outlining amendments to the Remuneration Code, which governs remuneration of employees at certain banks, to address compensation-related rules under the E.U. Capital Requirements Directive. In October 2011, the FSA finalized and published additional guidance with respect to the Remuneration Code.

Recent Events

There have been no significant recent events in relation to the Morgan Stanley Group from the date of the Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

2. OVERVIEW OF THE ACTIVITIES

4.6.1.1

Principal Activities

Morgan Stanley, a financial holding company, is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Global Wealth Management Group and Asset Management. A summary of the activities of each of Morgan Stanley's business segments is as follows:

Institutional Securities, provides 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 and fixed income securities and related products, including foreign exchange and commodities; and investment activities.

Global Wealth Management Group, which includes Morgan Stanley's 51% interest in Morgan Stanley Smith Barney Holdings LLC, provides brokerage and investment advisory services to individual investors and small-to-medium sized businesses and institutions covering various investment alternatives; financial and wealth planning services; annuity and other insurance products; credit and other lending products; cash management services; retirement services; and trust and fiduciary services and engages in fixed income principal trading, which primarily facilitates clients' trading or investments in such securities.

Asset Management provides a broad array of investment strategies that span the risk/return spectrum across geographies, asset classes and public and private markets to a diverse group of clients across the institutional and intermediary channels as well as high net worth clients.

Discontinued Operations

2012

Quilter. On 2 April 2012, Morgan Stanley closed the sale of Quilter Holdings Ltd. ("**Quilter**"), its retail wealth management business in the United Kingdom. Morgan Stanley has classified Quilter as held for sale within the Global Wealth Management Group business segment and the results of its operations are presented as discounted operations for all periods presented.

2011

Saxon. On 24 October 2011, Morgan Stanley announced that it had reached an agreement to sell Saxon, a provider of servicing and subservicing of residential mortgage loans, to Ocwen Financial Corporation. During the first quarter of 2012, the transaction was restructured as a sale of Saxon's assets, the first phase of which was completed in the second quarter of 2012. The remaining operations of Saxon are expected to be wound down within the year. Morgan Stanley expects to incur incremental wind-down costs in future periods. The results of Saxon are reported as discontinued operations within the Institutional Securities business segment for all periods presented.

Other. In the fourth quarter of 2011, Morgan Stanley classified a real estate property management company as held for sale within the Asset Management business segment. The transaction closed during the first quarter of 2012. The results of operations are reported as discontinued operations for all periods presented.

2010

Retail Asset Management Business. On 1 June 2010, Morgan Stanley completed the sale of substantially all of its retail asset management business ("**Retail Asset Management**"), including Van Kampen Investments, Inc., to Invesco Ltd. ("**Invesco**"). Morgan Stanley received \$800 million in cash and approximately 30.9 million shares of Invesco stock upon the sale, resulting in a cumulative after-tax gain of \$710 million, of which \$28 million and \$570 million was recorded in 2011 and 2010, respectively. The remaining gain, representing tax basis benefits, was recorded in the quarter ended 31 December 2009. The results of Retail Asset Management are reported as discontinued operations within the Asset Management business segment for all periods presented through the date of sale.

Morgan Stanley recorded the 30.9 million shares as securities available for sale and subsequently sold the shares in the fourth quarter of 2010, resulting in a realized pre-tax gain of approximately \$102 million reported within Other revenues in the consolidated statement of income for 2010, which is incorporated by reference in this Registration Document.

Revel Entertainment Group, LLC. On 31 March 2010, the Board of Directors authorized a plan of disposal by sale for Revel Entertainment Group, LLC ("**Revel**"), a development stage enterprise and subsidiary of Morgan Stanley that was primarily associated with a development property in Atlantic City, New Jersey. On 17 February 2011, Morgan Stanley completed the sale of Revel. Morgan Stanley did not retain any stake or ongoing involvement. The sale price approximated the carrying value of Revel and, accordingly, Morgan Stanley did not recognize any pre-tax gain or loss in 2011 on the sale. Total assets of Revel included in Morgan Stanley's consolidated statements of financial condition at 31 December 2010 approximated \$28 million. The results of Revel are reported as discontinued operations for within the Institutional Securities business segment for all periods presented through the date of sale. Amounts for 2010 included losses of \$1.2 billion in connection with such disposition.

CityMortgage Bank. In the third quarter of 2010, Morgan Stanley completed the disposal of CityMortgage Bank ("CMB"), a Moscow-based mortgage bank. The results of CMB are reported as discontinued operations for all periods presented through the date of disposal within the Institutional Securities business segment.

Other. In the third quarter of 2010, Morgan Stanley completed a disposal of a real estate property within the Asset Management business segment. The results of operations are reported as discontinued operations for all periods presented through the date of sale.

3. ORGANIZATIONAL STRUCTURE

Principal Markets

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. Morgan Stanley is a financial holding company regulated by the Board of Governors of the Fed under the BHC Act. Morgan Stanley conducts its business from its headquarters in and around 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. At 31 December 2011, Morgan Stanley had 61,899 employees worldwide.

Morgan Stanley's significant regulated U.S. and international subsidiaries include Morgan Stanley & Co. LLC, Morgan Stanley Smith Barney LLC, Morgan Stanley & Co. International plc, Morgan Stanley MUFG Securities, Co., Ltd., MSBNA and Morgan Stanley Private Bank, National Association.

Structure of the Group

For information relating to the structure of the Morgan Stanley Group and for the Subsidiaries List see the section entitled "Subsidiaries of Morgan Stanley" set out in Annex I. Investors can find updated information relating to the structure of the Morgan Stanley Group and the Subsidiaries List on <http://www.sec.gov/Archives/edgar/data/895421/000119312512081807/d262950dex21.htm>.

4. TREND INFORMATION

There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2011.

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The directors of Morgan Stanley as of the date of this Registration Document, 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, NY 10036, U.S.A.

Name	Function within Morgan Stanley	Principal Outside Activity
James P. Gorman	Chairman of the Board and Chief Executive Officer	Chairman of Morgan Stanley Smith Barney Holdings LLC and MSCI Inc.
Roy J. Bostock	Director	Member of the board of directors of Delta Air Lines, Inc. and Yahoo! Inc.
Erskine B. Bowles	Director	Director of Cousins Properties Incorporated, Belk Inc.,

Name	Function within Morgan Stanley	Principal Outside Activity
		Facebook Inc., and Norfolk Southern Corporation. Senior advisor of Carousel Capital LLC, a private investment firm and President Emeritus of University of North Carolina.
Howard J. Davies	Director	Professor at Sciences Po, the Paris School of International Affairs. Director of Prudential plc. External adviser to the Government Investment Corporation of Singapore and a member of the International Advisory Board of the China Securities Regulatory Commission.
C. Robert Kidder	Director	Director of Merck & Co. Inc. and Chrysler Group LLC (Non-Executive Chairman). Chairman & CEO of 3Stone Advisors LLC, a private investment firm.
Klaus Kleinfeld	Director	Chairman and CEO of Alcoa, Inc. and Director and member of Supervisory Board of Bayer AG. Member of the Brookings Institute Board of Trustees and Chairman of the U.S.- Russia Business Council.
Donald T. Nicolaisen	Director	Director of MGIC Investment Corporation, Verizon Communications Inc., and Zurich Financial Services.
Hutham S. Olayan	Director	Principal and director of The Olayan Group, a private multinational enterprise, President and Chief Executive Officer of The Olayan Group's U.S. operations. Member of The International Advisory Board of The Blackstone Group. Director of Equity International.
James W. Owens	Director	Director of Alcoa Inc. and International Business Machines Corporation.
O. Griffith Sexton	Director	Adjunct Professor at Columbia

Name	Function within Morgan Stanley	Principal Outside Activity
		Business School. Visiting Lecturer at Princeton University. Director of Investor AB.
Ryosuke Tamakoshi	Director	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Masaaki Tanaka	Director	Senior Resident Managing Officer for the United States for Mitsubishi UFG Financial Group, Inc.. Managing Executive Officer and Chief Executive Officer for Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director of UnionBanCal Corporation.
Laura D'Andrea Tyson	Director	S.K. and Angela Chan Professor of Global Management. Director of AT&T Inc., CB Richard Ellis Group, Inc. and Silver Spring Network, Inc.

There are no potential conflicts of interests between any duties to Morgan Stanley of its directors and their private interests and/or other duties.

Morgan Stanley's subsidiaries may extend credit in the ordinary course of business to certain of their directors, officers and members of their immediate families. These extensions of credit may be 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 are made on substantially the same terms and conditions, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons and do not involve more than the normal risk of collectability or present other unfavourable features.

Dealings with Major Shareholders

Each of China Investment Corporation ("**CIC**"), MUFG and State Street Bank and Trust Company ("**State Street**") beneficially owns 5% or more of the outstanding shares of Morgan Stanley common stock as reported under the section "Principal Shareholders" herein.

During 2011, Morgan Stanley engaged in transactions in the ordinary course of business with each of CIC, MUFG and State Street and certain of their respective affiliates, including investment banking, financial advisory, sales and trading, derivatives, investment management and other financial services transactions. Such transactions were on substantially the same terms as those prevailing at the time for comparable transactions with unrelated third parties.

As part of the global strategic alliance between MUFG and Morgan Stanley, on 1 May 2010, Morgan Stanley and MUFG formed a joint venture in Japan of their respective investment banking and securities businesses by forming two joint venture companies. MUFG contributed the investment banking, wholesale and retail securities businesses conducted in Japan by Mitsubishi UFJ Securities Co., Ltd. into one of the joint venture entities named Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.. Morgan

Stanley contributed the investment banking operations conducted in Japan by its subsidiary, Morgan Stanley MUFG Securities Co., Ltd., formerly known as Morgan Stanley Japan Securities Co., Ltd., into Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (Morgan Stanley MUFG Securities Co., Ltd., together with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the "**Joint Venture**"). Morgan Stanley MUFG Securities Co., Ltd. will continue its sales and trading and capital markets business conducted in Japan. Following the respective contributions to the Joint Venture and a cash payment of 23 billion yen (\$247 million), from MUFG to Morgan Stanley, Morgan Stanley owns a 40% economic interest in the Joint Venture and MUFG owns a 60% economic interest in the Joint Venture. Morgan Stanley holds a 40% voting interest and MUFG holds a 60% voting interest in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., while Morgan Stanley holds a 51% voting interest and MUFG holds a 49% voting interest in Morgan Stanley MUFG Securities Co., Ltd. Other initiatives that are part of Morgan Stanley's global strategic alliance with MUFG include a loan marketing joint venture in the Americas, business referral arrangements in Asia, Europe, the Middle East and Africa, referral agreements for commodities transactions and a secondment arrangement of personnel between MUFG and Morgan Stanley for the purpose of sharing best practices and expertise.

On 30 June 2011, pursuant to the terms of a transaction agreement entered into on 21 April 2011 by Morgan Stanley and MUFG, all the outstanding shares of Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock (Series B Preferred Stock) held by MUFG were converted into 385,464,097 shares of Morgan Stanley's common stock, including approximately 75 million shares resulting from the adjustment to the conversion ratio pursuant to the transaction agreement.

6. BOARD PRACTICES

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 Board's standing committees include the following:

Committee	Current Members	Primary Responsibilities
Audit	Donald T. Nicolaisen (Chairman) Howard J. Davies O. Griffith Sexton	Oversees the integrity of Morgan Stanley's consolidated financial statements, compliance with legal and regulatory requirements and system of internal controls and oversees risk management and risk assessment guidelines in coordination with the Board, Risk Committee and Operations and Technology Committee and reviews the major franchise, reputational, legal and compliance risk exposures of Morgan Stanley. Selects, determines the compensation of, evaluates and, when appropriate, replaces the independent auditor, and pre-approves audit and permitted non-audit services. Oversees the qualifications and

Committee	Current Members	Primary Responsibilities
		<p>independence of the independent auditor and performance of Morgan Stanley's internal auditor and independent auditor.</p> <p>After review, recommends to the Board the acceptance and inclusion of the annual audited consolidated financial statements in Morgan Stanley's Annual Report on Form 10-K.</p>
<p>Compensation, Management Development and Succession ("CMDS")</p>	<p>Erskine B. Bowles (Chairman)</p> <p>C. Robert Kidder</p> <p>Donald T. Nicolaisen</p> <p>Hutham S. Olayan</p>	<p>Annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and evaluates his performance in light of these goals and objectives.</p> <p>Determines the compensation of Morgan Stanley's executive officers and other officers and employees as appropriate.</p> <p>Administers Morgan Stanley's equity-based compensation plans.</p> <p>Oversees plans for management development and succession.</p> <p>Reviews and discusses the Compensation Discussion and Analysis with management and recommends to the Board its inclusion in the proxy statement.</p> <p>Reviews Morgan Stanley's incentive compensation arrangements to help ensure that such arrangements are consistent with the safety and soundness of Morgan Stanley and do not encourage excessive risk-taking, and are otherwise consistent with applicable related regulatory rules and guidance.</p>
<p>Nominating and Governance</p>	<p>Laura D. Tyson (Chair)</p> <p>Roy J. Bostock</p>	<p>Identifies and recommends candidates for election to the Board.</p> <p>Recommends committee structure and membership.</p>

Committee	Current Members	Primary Responsibilities
	C. Robert Kidder James W. Owens	Reviews annually Morgan Stanley's corporate governance policies. Oversees the annual evaluation of the Lead Director, Board and its committees. Reviews and approves related person transactions in accordance with Morgan Stanley's Related Person Transaction Policy.
Operations and Technology Committee ("BOTC")	Donald T. Nicolaisen (Chairman) Howard J. Davies Ryosuke Tamakoshi	Oversees Morgan Stanley's operations and technology strategy and significant investments in support of such strategy. Oversees risk management and risk assessment guidelines and policies regarding operational risk.
Risk Committee	Howard J. Davies (Chair) Roy J. Bostock Masaaki Tanaka	Oversees Morgan Stanley's risk governance structure. Oversees risk management and risk assessment guidelines and policies regarding market, credit, liquidity and funding risk. Oversees risk tolerance, including risk tolerance levels and capital targets and limits. Oversees Morgan Stanley's capital, liquidity and funding. Oversees the performance of the Chief Risk Officer.

7. PRINCIPAL SHAREHOLDERS

The following table contains information regarding the only persons Morgan Stanley knows of that beneficially own more than 5% of its common stock.

<u>Name and Address</u>	Shares of Common Stock Beneficially Owned	
	<u>Number</u>	<u>Percent</u> ⁽¹⁾
China Investment Corporation (CIC) ⁽²⁾ New Poly Plaza, No. 1 Chaoyangmen Beidajie Dongcheng District, Beijing 100010,	150,782,379	7.6%

**Shares of Common Stock
Beneficially Owned**

People's Republic of China		
Mitsubishi UFJ Financial Group, Inc. ⁽³⁾	435,452,411	22.0%
7-1, Marunouchi 2-chome		
Chiyoda-ku, Tokyo 100-8330, Japan		
State Street Bank and Trust Company (State Street) ⁽⁴⁾	165,720,173	8.4%
225 Franklin Street, Boston, MA 02110		

- (1) Percentages based upon the number of shares of common stock outstanding as of the record date, 19 March 2012, and the beneficial ownership of the principal shareholders as reported in SEC filings.
- (2) Based on the Schedule 13G filed on 13 February 2012 by CIC and Harvest Investment Corporation. The Schedule 13G discloses that CIC had shared dispositive and shared voting power with respect to all beneficially owned shares reported.
- (3) Based on the amended Schedule 13D filed on 1 July 2011 by MUFG. The amended Schedule 13D discloses that MUFG had sole dispositive and sole voting power with respect to the beneficially owned shares reported, including 3,435,259 shares held solely in a fiduciary capacity by certain affiliates of MUFG as the trustee of trust accounts or the manager of investment funds, other investment vehicles and managed accounts as of 31 May 2011 for which MUFG disclaims beneficial ownership.
- (4) Based on the Schedule 13G filed on 13 February 2012 by State Street and State Street Bank and Trust Company, each acting in various fiduciary and other capacities. The Schedule 13G discloses that State Street had shared dispositive power as to 165,720,173 shares and shared voting power as to 165,299,432 shares; that 134,818,439 shares beneficially owned by State Street Bank and Trust Company, a subsidiary of State Street, are held as trustee and investment manager on behalf of the Trust; and that State Street and State Street Bank and Trust Company disclaimed beneficial ownership of all shares reported in the Schedule 13G, except in their fiduciary capacity under the Employee Retirement Income Security Act of 1974. State Street Bank and Trust Company acts as a trustee for the Trust that holds shares of common stock underlying stock units awarded to employees under several of Morgan Stanley's equity-based plans.

8. LEGAL PROCEEDINGS

In addition to the matters described below, in the normal course of business, 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 entities 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 other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding Morgan Stanley's business, including, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

Morgan Stanley contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the

consolidated financial statements and Morgan Stanley can reasonably estimate the amount of that loss, Morgan Stanley accrues the estimated loss by a charge to income.

In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. Morgan Stanley cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any proceeding. Subject to the foregoing, Morgan Stanley believes, based on current knowledge and after consultation with counsel, that the outcome of such proceedings will not have a material adverse effect on the consolidated financial condition of Morgan Stanley, although the outcome of such proceedings could be material to Morgan Stanley's operating results and cash flows for a particular period depending on, among other things, the level of Morgan Stanley's revenues or income for such period.

Over the last several years, the level of litigation and investigatory activity focused on residential mortgage and credit crisis related matters has increased materially in the financial services industry. As a result, Morgan Stanley expects that it may become the subject of increased claims for damages and other relief regarding residential mortgages and related securities in the future and, while Morgan Stanley has identified below certain proceedings that Morgan Stanley believes to be material, individually or collectively, there can be no assurance that additional material losses will not be incurred from residential mortgage claims that have not yet been notified to Morgan Stanley or are not yet determined to be material.

The following is a summary of item 3 of Part I entitled "Legal Proceedings" from Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2011 and item 1 of part II, entitled "Legal Proceedings" from Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

Residential Mortgage and Credit Crisis Related Matters.

Regulatory and Governmental Matters. Morgan Stanley is responding to subpoenas and requests for information from certain regulatory and governmental entities concerning the origination, financing, purchase, securitization and servicing of subprime and non-subprime residential mortgages and related matters such as residential mortgage backed securities ("**RMBS**") collateralized debt obligations ("**CDOs**"), structured investment vehicles ("**SIVs**") and credit default swaps backed by or referencing mortgage pass through certificates. These matters include, but are not limited to, investigations related to Morgan Stanley's due diligence on the loans that it purchased for securitization, Morgan Stanley's communications with ratings agencies, Morgan Stanley's disclosure to investors, and its handling of servicing and foreclosure related issues.

Class Actions. Beginning in December 2007, several purported class action complaints were filed in the United States District Court for the Southern District of New York (the "**SDNY**") asserting claims on behalf of participants in Morgan Stanley's 401(k) plan and employee stock ownership plan against Morgan Stanley and other parties, including certain present and former directors and officers, under the Employee Retirement Income Security Act of 1974 ("**ERISA**"). In February 2008, these actions were consolidated in a single proceeding, which is styled *In re Morgan Stanley ERISA Litigation*. The consolidated complaint relates in large part to Morgan Stanley's subprime and other mortgage related losses, but also includes allegations regarding Morgan Stanley's disclosures, internal controls, accounting and other matters. The consolidated complaint alleges, among other things, that Morgan Stanley's common stock was not a prudent investment and that risks associated with its common stock and its financial condition were not adequately disclosed. Plaintiffs are seeking, among other relief, class

certification, unspecified compensatory damages, costs, interest and fees. On 9 December 2009, the court denied defendants' motion to dismiss the consolidated complaint. On 26 March 2012, defendants filed a renewed motion to dismiss this complaint.

On March 16, 2011, a purported class action, styled *Coulter v. Morgan Stanley & Co. Incorporated et al.*, was filed in the SDNY asserting claims on behalf of participants in Morgan Stanley's 401(k) plan and employee stock ownership plan against Morgan Stanley and certain current and former officers and directors for breach of fiduciary duties under ERISA. The complaint alleges, among other things, that defendants knew or should have known that from January 2, 2008 to December 31, 2008, the plans' investment in Company stock was imprudent given the extraordinary risks faced by Morgan Stanley and its common stock during that period. Plaintiffs are seeking, among other relief, class certification, unspecified compensatory damages, costs, interest and fees. On July 20, 2011, plaintiffs filed an amended complaint and on October 28, 2011, defendants filed a motion to dismiss the amended complaint.

On 12 February 2008, a plaintiff filed a purported class action, which was amended on 24 November 2008, naming Morgan Stanley and certain present and former senior executives as defendants and asserting claims for violations of the securities laws. The amended complaint, which is styled *Joel Stratte-McClure, et al. v. Morgan Stanley, et al.*, is currently pending in the SDNY. Subject to certain exclusions, the amended complaint asserts claims on behalf of a purported class of persons and entities who purchased shares of Morgan Stanley's common stock during the period 20 June 2007 to 19 December 2007 and who suffered damages as a result of such purchases. The allegations in the amended complaint relate in large part to Morgan Stanley's subprime and other mortgage related losses, but also include allegations regarding Morgan Stanley's disclosures, internal controls, accounting and other matters. Plaintiffs are seeking, among other relief, class certification, unspecified compensatory damages, costs, interest and fees. On 27 April 2009, Morgan Stanley filed a motion to dismiss the amended complaint. On 4 April 2011, the court granted defendants' motion to dismiss and granted plaintiffs leave to file an amended complaint with respect to certain of their allegations. On 9 June 2011, plaintiffs filed a second amended complaint in response to the court's order of 4 April 2011. On 8 August 2011, defendants filed a motion to dismiss the second amended complaint.

On 7 May 2009, Morgan Stanley was named as a defendant in a purported class action lawsuit brought under Sections 11, 12 and 15 of the Securities Act of 1933, as amended (the "**Securities Act**"), alleging, among other things, that the registration statements and offering documents related to the offerings of approximately \$17 billion of mortgage pass through certificates in 2006 and 2007 contained false and misleading information concerning the pools of residential loans that backed these securitizations. The plaintiffs sought, among other relief, class certification, unspecified compensatory and rescissory damages, costs, interest and fees. This case, which was consolidated with an earlier lawsuit and is currently styled *In re Morgan Stanley Mortgage Pass-Through Certificate Litigation*, is pending in the SDNY. On 17 August 2010, the court dismissed the claims brought by the lead plaintiff, but gave a different plaintiff leave to file a second amended complaint. On 10 September 2010, that plaintiff, together with several new plaintiffs, filed a second amended complaint which purported to assert claims against Morgan Stanley and others on behalf of a class of investors who purchased approximately \$4.7 billion of mortgage pass through certificates issued in 2006 by seven trusts collectively containing residential mortgage loans. The second amended complaint asserted claims under Sections 11, 12 and 15 of the Securities Act, and alleges, among other things, that the registration statements and offering documents related to the offerings contained false and misleading information concerning the pools of residential loans that backed these securitizations. The plaintiffs sought, among other relief, class certification, unspecified compensatory and rescissory damages, costs, interest and fees. On 15 September 2011, the court granted in part and denied in part the defendants' motion to dismiss and granted the plaintiffs' request to file another amended complaint. On 29 September 2011, the defendants moved for reconsideration of a portion of the court's decision partially denying the motion to dismiss. On 30 September 2011, the plaintiffs filed a third amended complaint purporting to bring claims on behalf of a class of investors who purchased approximately \$2.7 billion of mortgage pass through certificates

issued in 2006 by five trusts. The defendants moved to dismiss the third amended complaint on 17 October 2011. On 24 April 2012, the court denied defendants' motion for reconsideration of its denial-in-part of defendants' motion to dismiss the second amended complaint.

Beginning in 2007, Morgan Stanley was named as a defendant in several putative class action lawsuits brought under Sections 11 and 12 of the Securities Act, related to its role as a member of the syndicates that underwrote offerings of securities and mortgage pass through certificates for certain non-Morgan Stanley related entities that have been exposed to subprime and other mortgage-related losses. The plaintiffs in these actions allege, among other things, that the registration statements and offering documents for the offerings at issue contained material misstatements or omissions related to the extent to which the issuers were exposed to subprime and other mortgage-related risks and other matters and seek various forms of relief including class certification, unspecified compensatory and rescissory damages, costs, interest and fees. Morgan Stanley's exposure to potential losses in these cases may be impacted by various factors including, among other things, the financial condition of the entities that issued or sponsored the securities and mortgage pass through certificates at issue, the principal amount of the offerings underwritten by Morgan Stanley, the financial condition of co-defendants and the willingness and ability of the issuers (or their affiliates) to indemnify the underwriter defendants. Some of these cases, including *In Re Washington Mutual, Inc. Securities Litigation*, *In re: Lehman Brothers Equity/Debt Securities Litigation* and *In re IndyMac Mortgage-Backed Securities Litigation*, relate to issuers or sponsors (or their affiliates) that have filed for bankruptcy or have been placed into receivership.

In re: Lehman Brothers Equity/Debt Securities Litigation is pending in the SDNY and relates to several offerings of debt and equity securities issued by Lehman Brothers Holdings Inc. during 2007 and 2008. Morgan Stanley underwrote approximately \$232 million of the principal amount of the offerings at issue. On 23 September 2011, a group of underwriter defendants, including Morgan Stanley, reached an agreement in principle with the class plaintiffs to settle the litigation. On 15 December 2011, the Court presiding over this action issued an order preliminarily approving the settlement. The settlement hearing is currently scheduled for 12 April 2012.

In re IndyMac Mortgage-Backed Securities Litigation is pending in the SDNY and relates to offerings of mortgage pass through certificates issued by seven trusts sponsored by affiliates of IndyMac Bancorp during 2006 and 2007. Morgan Stanley underwrote over \$1.4 billion of the principal amount of the offerings originally at issue. On 21 June 2010, the court granted in part and denied in part the underwriter defendants' motion to dismiss the amended consolidated class action complaint. Morgan Stanley underwrote approximately \$46 million of the principal amount of the offerings at issue following the court's 21 June 2010 decision. On 17 May 2010, certain putative plaintiffs filed a motion to intervene in the litigation in order to assert claims related to additional offerings. The principal amount of the additional offerings underwritten by Morgan Stanley is approximately \$1.2 billion. On 21 June 2011, Morgan Stanley successfully opposed the motion to add the additional plaintiffs as to Morgan Stanley. On 21 July 2011, certain of the additional plaintiffs filed appeals in the United States Court of Appeals for the Second Circuit. Morgan Stanley is opposing the appeals.

Luther, et al. v. Countrywide Financial Corporation, et al., pending in the Superior Court of the State of California, involves claims related to Morgan Stanley's role as an underwriter of various residential mortgage backed securities offerings issued by affiliates of Countrywide Financial Corporation. The amended complaint includes allegations that the registration statements and the offering documents contained false and misleading statements about the residential mortgage loans backing the securities. Morgan Stanley underwrote approximately \$6.3 billion of the principal amount of the offerings at issue. On 6 January 2010, the Court dismissed the case for lack of subject matter jurisdiction. On 18 May 2011, a California court of appeals reversed the dismissal and reinstated the complaint. On 19 December 2011, defendants moved to dismiss the complaint. On 3 February 2012, defendants moved to stay the case pending resolution of a securities class action brought by the same plaintiffs, styled *Maine State*

Retirement System v. Countrywide Financial Corporation, et al., in the United States District Court for the Central District of California.

Other Litigation. On 25 August 2008, Morgan Stanley and two ratings agencies were named as defendants in a purported class action related to securities issued by a SIV called Cheyne Finance (the "**Cheyne SIV**"). The case is styled *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* and is pending in the SDNY. The complaint alleges, among other things, that the ratings assigned to the securities issued by the SIV were false and misleading because the ratings did not accurately reflect the risks associated with the subprime RMBS held by the SIV. On 2 September 2009, the court dismissed all of the claims against Morgan Stanley except for plaintiffs' claims for common law fraud. On 15 June 2010, the court denied plaintiffs' motion for class certification. On 20 July 2010, the Court granted plaintiffs leave to replead their aiding and abetting common law fraud claims against Morgan Stanley, and those claims were added in an amended complaint filed on 5 August 2010. On 27 December 2011 the court permitted plaintiffs to reinstate their causes of action for negligent misrepresentation and breach of fiduciary duty against Morgan Stanley. Morgan Stanley moved to dismiss these claims on 10 January 2012. On 5 January 2012, the court permitted plaintiffs to amend their complaint and assert a negligence claim against Morgan Stanley. The amended complaint was filed on 9 January 2012 and Morgan Stanley moved to dismiss the negligence claim on 17 January 2012. On 23 January 2012, Morgan Stanley moved for summary judgment with respect to the fraud and aiding and abetting fraud claims. Plaintiffs have not alleged the amount of their alleged investments, and are seeking, among other relief, unspecified compensatory and punitive damages. There are 15 plaintiffs in this action asserting claims related to approximately \$983 million of securities issued by the SIV.

On 25 September 2009, Morgan Stanley was named as a defendant in a lawsuit styled *Citibank, N.A. v. Morgan Stanley & Co. International, PLC*, pending in the SDNY. The lawsuit relates to a credit default swap referencing the Capmark VI CDO, which was structured by Citibank, N.A. ("Citi N.A."). At issue is whether, as part of the swap agreement, Citi N.A. was obligated to obtain Morgan Stanley's prior written consent before it exercised its rights to liquidate Capmark upon the occurrence of certain contractually-defined credit events. Citi N.A. is seeking approximately \$245 million in compensatory damages plus interest and costs. On 25 May 2011, the court issued an order denying Morgan Stanley's motion for summary judgment and granting Citi N.A.'s cross motion for summary judgment. On 27 June 2011, the court entered a final judgment against Morgan Stanley for approximately \$269 million plus post-judgment interest, and Morgan Stanley filed a notice of appeal with the United States Court of Appeal for the Second Circuit, which appeal is now pending.

On 14 December 2009, Central Mortgage Company ("**CMC**") filed a complaint against Morgan Stanley, in a matter styled *Central Mortgage Company v. Morgan Stanley Mortgage Capital Holdings LLC*, pending in the Court of Chancery of the State of Delaware. The complaint alleged that that Morgan Stanley Mortgage Capital Holdings LLC improperly refused to repurchase certain mortgage loans that CMC, as servicer, was required to repurchase from the Federal Home Loan Mortgage Corporation ("**Freddie Mac**") and the Federal National Mortgage Association ("**Fannie Mae**"). On 4 November 2011, CMC filed an amended complaint adding claims related to its purchase of servicing rights in connection with approximately \$4.1 billion of residential loans deposited into RMBS trusts sponsored by Morgan Stanley. The amended complaint asserts claims for breach of contract, quasi-contract, equitable and tort claims and seeks compensatory damages and equitable remedies, including rescission, injunctive relief, damages, restitution and disgorgement. On 9 January 2012, Morgan Stanley moved to dismiss the amended complaint.

On 23 December 2009, the Federal Home Loan Bank of Seattle filed a complaint against Morgan Stanley and another defendant in the Superior Court of the State of Washington, styled *Federal Home Loan Bank of Seattle v. Morgan Stanley & Co. Inc., et al.* An amended complaint was filed on 28 September 2010. The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass through certificates backed by securitization trusts containing

residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by Morgan Stanley was approximately \$233 million. The complaint raises claims under the Washington State Securities Act and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 18 October 2010, defendants filed a motion to dismiss the action. By orders dated 23 June 2011 and 18 July 2011, the court denied defendants' omnibus motion to dismiss plaintiff's amended complaint and on 15 August 2011, the court denied Morgan Stanley's individual motion to dismiss the amended complaint.

On 15 March 2010, the Federal Home Loan Bank of San Francisco filed two complaints against Morgan Stanley and other defendants in the Superior Court of the State of California. These actions are styled *Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (U.S.A) LLC, et al.*, and *Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities Inc. et al.*, respectively. Amended complaints were filed on 10 June 2010. The complaints allege that defendants made untrue statements and material omissions in connection with the sale to plaintiff of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly sold to plaintiff by Morgan Stanley in these cases was approximately \$704 million and \$276 million, respectively. The complaints raise claims under both the federal securities laws and California law and seek, among other things, to rescind the plaintiff's purchase of such certificates. On 18 April 2011, defendants in these actions filed an omnibus demurrer and motion to strike the amended complaints. On 29 July 2011 and 8 September 2011, the court presiding over both actions sustained defendants' demurrers with respect to claims brought under the Securities Act, and overruled defendants' demurrers with respect to all other claims.

On 10 June 2010, Morgan Stanley was named as a new defendant in a pre-existing purported class action related to securities issued by a SIV called Rhinebridge plc ("Rhinebridge SIV"). The case is styled *King County, Washington, et al. v. IKB Deutsche Industriebank AG, et al.* and is pending in the SDNY. The complaint asserts claims for common law fraud and aiding and abetting common law fraud and alleges, among other things, that the ratings assigned to the securities issued by the SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime RMBS held by the SIV. On 15 July 2010, Morgan Stanley moved to dismiss the complaint. That motion was denied on 29 October 2010. On 27 December 2011, the court permitted plaintiffs to amend their complaint and assert causes of action for negligence, negligent misrepresentation, and breach of fiduciary duty against Morgan Stanley. The amended complaint was filed on 10 January 2012 and Morgan Stanley moved to dismiss the negligence, negligent misrepresentation, and breach of fiduciary duty claims on 31 January 2012. The case is pending before the same judge presiding over the litigation concerning the Cheyne SIV, described above. While reserving their ability to act otherwise, plaintiffs have indicated that they do not currently plan to file a motion for class certification. Plaintiffs have not alleged the amount of their alleged investments, and are seeking, among other relief, unspecified compensatory and punitive damages.

On 9 July 2010, Cambridge Place Investment Management Inc. filed a complaint against Morgan Stanley and other defendants in the Superior Court of the Commonwealth of Massachusetts, styled *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al.* The complaint asserts claims on behalf of certain of clients of plaintiff's affiliates and alleges that defendants made untrue statements and material omissions in the sale of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley or sold to plaintiff's affiliates' clients by Morgan Stanley was approximately \$242 million. The complaint raises claims under the Massachusetts Uniform Securities Act and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 11 February 2011, Cambridge Place Investment Management Inc. filed a second complaint against Morgan Stanley and other defendants in the Superior Court of the Commonwealth of Massachusetts also styled *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc. et al.* The complaint asserts claims on behalf of clients of plaintiff's affiliates, and alleges that the defendants made untrue statements and material omissions in selling certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans.

The total amount of certificates allegedly issued or underwritten by Morgan Stanley or sold to plaintiff's affiliates' clients by Morgan Stanley was approximately \$102 million. The complaint raises claims under the Massachusetts Uniform Securities Act and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 14 October 2011, plaintiffs filed an amended complaint in each action. On 22 November 2011, defendants filed a motion to dismiss the amended complaints. On 12 March 2012, the court denied defendants' motion to dismiss with respect to plaintiff's standing to bring the suit. Defendants sought interlocutory appeal from that decision on 11 April 2012. On 26 April 2012, defendants filed a second motion to dismiss for failure to state a claim upon which relief can be granted.

On 15 July 2010, The Charles Schwab Corp. filed a complaint against Morgan Stanley and other defendants in the Superior Court of the State of California, styled *The Charles Schwab Corp. v. BNP Paribas Securities Corp., et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to one of plaintiff's subsidiaries of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff's subsidiary by Morgan Stanley was approximately \$180 million. The complaint raises claims under both the federal securities laws and California law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. Plaintiff filed an amended complaint on 2 August 2010. On 22 September 2011, defendants filed demurrers to the amended complaint. On 13 October 2011, plaintiff voluntarily dismissed its claims brought under the Securities Act. On 27 January 2012, the court, in a ruling from the bench, substantially overruled defendants' demurrers. On 5 March 2012, the plaintiff filed a second amended complaint. On 10 April 2012, Morgan Stanley filed a demurrer to certain causes of action in the amended complaint.

On 15 July 2010, China Development Industrial Bank ("**CDIB**") filed a complaint against Morgan Stanley, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated* and is pending in the Supreme Court of the State of New York, New York County. The Complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that Morgan Stanley misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that Morgan Stanley knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On 30 September 2010, Morgan Stanley filed a motion to dismiss the complaint. On 28 February 2011, the Court denied Morgan Stanley's motion to dismiss the complaint. On 21 March 2011, Morgan Stanley appealed the order denying its motion to dismiss the complaint. On 7 July 2011, the appellate court affirmed the lower court's decision denying Morgan Stanley motion to dismiss.

On 15 October 2010, the Federal Home Loan Bank of Chicago filed two complaints against Morgan Stanley and other defendants. One was filed in the Circuit Court of the State of Illinois and is styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* The other was filed in the Superior Court of the State of California and is styled *Federal Home Loan Bank of Chicago v. Bank of America Securities LLC, et al.* The complaints allege that defendants made untrue statements and material omissions in the sale to plaintiff of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by Morgan Stanley in the two actions was approximately \$203 million and \$75 million respectively. The complaint filed in Illinois raises claims under Illinois law. The complaint filed in California raises claims under the federal securities laws, Illinois law and California law. Both complaints seek, among other things, to rescind the plaintiff's purchase of such certificates. On 24 March 2011, the Court presiding over *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* granted plaintiff leave to file an amended complaint. On 27 May 2011, defendants filed a motion to dismiss the amended complaint, which motion is currently pending. On 15 September 2011, plaintiff filed an amended complaint in *Federal Home Loan Bank of Chicago v. Bank of America Securities LLC, et al.*

On 1 December 2011, defendants filed a demurrer to the amended complaint, which demurrer is currently pending.

On 20 April 2011, the Federal Home Loan Bank of Boston filed a complaint against Morgan Stanley and other defendants in the Superior Court of the Commonwealth of Massachusetts styled *Federal Home Loan Bank of Boston v. Ally Financial, Inc. F/K/A GMAC LLC et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley or sold to plaintiff by Morgan Stanley was approximately \$550 million. The complaint raises claims under the Massachusetts Uniform Securities Act, the Massachusetts consumer protection act and common law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 26 May 2011, defendants removed the case to the United States District Court for the District of Massachusetts, and on 22 June 2011, plaintiff filed a motion to remand the case back to state court. On 9 March 2012, the United States District Court for the District of Massachusetts denied plaintiff's motion to remand the case to state court.

On 5 July 2011, Allstate Insurance Company and certain of its affiliated entities filed a complaint against Morgan Stanley in New York State Supreme Court styled *Allstate Insurance Company, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued and/or sold to plaintiffs by Morgan Stanley was approximately \$104 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs' purchases of such certificates. On 9 September 2011, plaintiffs filed an amended complaint. On 14 October 2011, defendants filed a motion to dismiss the amended complaint, which motion is currently pending.

On 18 July 2011, the Western and Southern Life Insurance Company and certain affiliated companies filed a complaint against Morgan Stanley and other defendants in the Court of Common Pleas in Ohio, styled *Western and Southern Life Insurance Company, et al. v. Morgan Stanley Mortgage Capital Inc., et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The amount of the certificates allegedly sold to plaintiffs by Morgan Stanley was approximately \$153 million. The complaint raises claims under the Ohio Securities Act, federal securities laws, and common law and seeks, among other things, to rescind the plaintiffs' purchases of such certificates.

On 2 September 2011, the Federal Housing Finance Agency ("FHFA"), as conservator for Fannie Mae and Freddie Mac, filed 17 complaints against numerous financial services companies, including Morgan Stanley. A complaint against Morgan Stanley and other defendants was filed in the Supreme Court of the State of New York, styled *Federal Housing Finance Agency, as Conservator v. Morgan Stanley et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to Fannie Mae and Freddie Mac of residential mortgage pass through certificates with an original unpaid balance of approximately \$11 billion. The complaint raises claims under federal and state securities laws and common law and seeks, among other things, rescission and compensatory and punitive damages. On 26 September 2011, defendants removed the action to the SDNY and on 26 October 2011, the FHFA moved to remand the action back to the Supreme Court of the State of New York.

On 2 September 2011, the FHFA, as conservator for Freddie Mac, also filed a complaint against Morgan Stanley and other defendants in the Supreme Court of the State of New York, styled *Federal Housing Finance Agency, as Conservator v. General Electric Company et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to Freddie Mac of

residential mortgage pass through certificates with an original unpaid balance of approximately \$549 million. The complaint raises claims under federal and state securities laws and common law and seeks, among other things, rescission and compensatory and punitive damages. On 6 October 2011, defendants removed the action to the SDNY and on 7 November 2011, the FHFA moved to remand the action back to the Supreme Court of the State of New York.

On 4 November 2011, the Federal Deposit Insurance Corporation, as receiver for Franklin Bank S.S.B, filed two complaints against Morgan Stanley in the District Court of the State of Texas. Each is styled *Federal Deposit Insurance Corporation, as Receiver for Franklin Bank S.S.B v. Morgan Stanley & Company LLC F/K/A Morgan Stanley & Co. Inc.* and alleges that Morgan Stanley made untrue statements and material omissions in connection with the sale to plaintiff of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly underwritten and sold to plaintiff by Morgan Stanley in these cases was approximately \$67 million and \$35 million, respectively. The complaints each raise claims under both federal securities law and the Texas Securities Act and each seeks, among other things, compensatory damages associated with plaintiff's purchase of such certificates. On 20 March 2012, Morgan Stanley filed answers to the complaints in both cases, denying plaintiffs' allegations.

On 20 January 2012, Sealink Funding Limited filed a complaint against Morgan Stanley in the Supreme Court of the State of New York styled *Sealink Funding Limited v. Morgan Stanley, et al.* Plaintiff purports to be the assignee of claims of certain special purpose vehicles ("SPVs") formerly sponsored by SachsenLB Europe. The complaint alleges that defendants made untrue statements and material omissions in the sale to the SPVs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold by Morgan Stanley was approximately \$556 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs' purchases of such certificates.

On 25 January 2012, Dexia SA/NV and certain of its affiliated entities filed a complaint against Morgan Stanley in the Supreme Court of the State of New York styled *Dexia SA/NV et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold to plaintiffs by Morgan Stanley was approximately \$680 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs' purchases of such certificates.

On 25 January 2012, Bayerische Landesbank, New York Branch filed a complaint against Morgan Stanley in the Supreme Court of the State of New York styled *Bayerische Landesbank, New York Branch v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold to plaintiff by Morgan Stanley was approximately \$486 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs' purchases of such certificates.

On 29 February 2012, U.S. Bank National Association, in its capacity as Trustee ("U.S. Bank"), filed a summons with notice on behalf of Morgan Stanley Mortgage Loan Trust 2006-4SL and Mortgage Pass-Through Certificates, Series 2006-4SL (together, the "Trust") against Morgan Stanley. The summons with notice is styled *Morgan Stanley Mortgage Loan Trust 2006-4SL, et al. v. Morgan Stanley Mortgage*

Capital Inc. and is pending in New York Supreme Court, New York County. The notice asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$303 million, breached various representations and warranties. The notice seeks, among other relief, an order requiring Morgan Stanley to comply with the loan breach remedy procedures in the transaction documents, unspecified damages, and interest.

On 25 April 2012, The Prudential Insurance Company of America and certain affiliates filed a complaint against Morgan Stanley and certain affiliates in the Superior Court of the State of New Jersey styled *The Prudential Insurance Company of America, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley was approximately \$1 billion. The complaint raises claims under the New Jersey Uniform Securities Law, as well as common law claims of negligent misrepresentation, fraud and tortious interference with contract and seeks, among other things, compensatory damages, punitive damages, rescission and rescissionary damages associated with plaintiffs' purchases of such certificates.

On 25 April 2012, Metropolitan Life Insurance Company and certain affiliates filed a complaint against Morgan Stanley and certain affiliates in the Supreme Court of the State of New York styled *Metropolitan Life Insurance Company, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley was approximately \$757 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, rescission, compensatory and/or rescissionary damages, as well as punitive damages, associated with plaintiffs' purchases of such certificates.

On 1 May 2012, Asset Management Fund d/b/a AMF Funds and certain of its affiliated funds filed a summons with notice against Morgan Stanley in the Supreme Court of the State of New York, styled *Asset Management Fund d/b/a AMF Funds et al v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$122 million. The notice identifies causes of action against Morgan Stanley for, among other things, common-law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages and rescission.

Other Matters. On a case-by-case basis Morgan Stanley has entered into agreements to toll the statute of limitations applicable to potential civil claims related to RMBS, CDOs and other mortgage-related products and services when Morgan Stanley has concluded that it is in its interest to do so.

On 18 October 2011, Morgan Stanley received a letter from Gibbs & Bruns LLP (the "**Law Firm**"), which is purportedly representing a group of investment advisors and holders of mortgage pass through certificates issued by RMBS trusts that were sponsored or underwritten by Morgan Stanley. The letter asserted that the Law Firm's clients collectively hold 25% or more of the voting rights in 17 RMBS trusts sponsored or underwritten by Morgan Stanley and that these trusts have an aggregate outstanding balance exceeding \$6 billion. The letter alleged generally that large numbers of mortgages in these trusts were sold or deposited into the trusts based on false and/or fraudulent representations and warranties by the mortgage originators, sellers and/or depositors. The letter also alleged generally that there is evidence suggesting that Morgan Stanley has failed prudently to service mortgage loans in these trusts. On 31 January 2012, the Law Firm announced that its clients hold over 25% of the voting rights in 69 RMBS

trusts securing over \$25 billion of RMBS sponsored or underwritten by Morgan Stanley, and that its clients had issued instructions to the trustees of these trusts to open investigations into allegedly ineligible mortgages held by these trusts. The Law Firm's press release also indicated that the Law Firm's clients anticipate that they may provide additional instructions to the trustees, as needed, to further the investigations.

On 2 April 2012, Morgan Stanley entered into a Consent Order ("**Order**") with the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**") relating to the servicing of residential mortgage loans. The terms of the Order are substantially similar and, in many respects, identical to the orders entered into with the Federal Reserve Board by other large U.S. financial institutions. The Order, which is available on the Federal Reserve Board's website, sets forth various allegations of improper conduct in servicing by Saxon, requires that Morgan Stanley and its affiliates cease and desist such conduct, and requires that Morgan Stanley, and its Board of Directors and affiliates, take various affirmative steps. The Order requires (i) Morgan Stanley to engage an independent third-party consultant to conduct a review of certain foreclosure actions or proceedings that occurred or were pending between 1 January 2009 and 31 December 2010; (ii) the adoption of policies and procedures related to management of third parties used to outsource residential mortgage servicing, loss mitigation or foreclosure; (iii) a "validation report" from an independent third-party consultant regarding compliance with the Order for the first year; and (iv) submission of quarterly progress reports as to compliance with the Order by Morgan Stanley's the Board of Directors. The Order also provides that Morgan Stanley will be responsible for the payment of any civil money penalties or compensatory payments assessed by the Federal Reserve Board related to such alleged conduct, which penalties or payments have not yet been determined.

Shareholder Derivative Matter. On 11 February 2010, a shareholder derivative complaint styled *Security, Police and Fire Professionals of America Retirement Fund, et al. v. John J. Mack et al.* was filed in the Supreme Court of the State of New York. The complaint is purportedly for the benefit of the Company, and is brought against certain current and former directors and officers of the Company, to recover damages for alleged acts of corporate waste, breaches of the duty of loyalty, and unjust enrichment based on the amount of compensation awarded to an undefined group of employees for fiscal years 2006, 2007 and 2009. The complaint seeks, among other relief, unspecified compensatory damages, restitution and disgorgement of compensation, benefits and profits, and institution of certain corporate governance reforms. On 9 December 2010, the court granted defendants' motion to dismiss the complaint and on February 4, 2011, plaintiffs noticed an appeal of that dismissal, which appeal is pending. On 22 March 2012, the Appellate Division of the Supreme Court of the State of New York affirmed the dismissal of the complaint.

China Matter.

As disclosed in February 2009, Morgan Stanley uncovered actions initiated by an employee based in China in an overseas real estate subsidiary that appeared to have violated the Foreign Corrupt Practices Act. Morgan Stanley terminated the employee, reported the activity to appropriate authorities and cooperated with investigations by the United States Department of Justice ("**DOJ**") and the SEC. On 25 April 2012, the DOJ announced that the former employee had pled guilty to certain criminal charges, and the SEC announced that it had brought certain civil charges against the former employee, which have been settled. On the same day, the DOJ and SEC announced that they will not take any action against Morgan Stanley in connection with this matter.

The following matters were terminated during the quarter ended 31 December 2011:

In Re Washington Mutual, Inc. Securities Litigation, which had been pending in the United States District Court for the Western District of Washington, involved claims under the Securities Act related to three offerings by Washington Mutual Inc. in 2006 and 2007. Morgan Stanley was one of several underwriters who participated in the offerings. Morgan Stanley underwrote approximately \$1.3 billion of the securities

covered by the class certified by the court. On 4 November 2011, a final settlement among the parties was approved by the court.

Employees' Retirement System of the Government of the Virgin Islands v. Morgan Stanley & Co. Incorporated, et al., which had been pending in the SDNY, involved claims for common law fraud and unjust enrichment against Morgan Stanley related to the Libertas III CDO. On 3 November 2011, the Court dismissed the action with prejudice.

MBIA Insurance Corporation v. Morgan Stanley, et al. which had been pending in New York Supreme Court, Westchester County, involved claims for fraud, breach of contract and unjust enrichment against Morgan Stanley related to MBIA Insurance Corporation's ("MBIA's") contract to insure approximately \$223 million of residential mortgage pass through certificates related a second lien securitization sponsored by Morgan Stanley in June 2007. On 13 December 2011, Morgan Stanley and MBIA entered into an agreement to settle this litigation and to resolve certain claims that Morgan Stanley had against MBIA.

Save as disclosed in the paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part I – Item 3 entitled "Legal Proceedings" and in the paragraphs beginning with "Legal" under the heading "Contingencies" in Part 2 – Item 8 entitled "Notes to Consolidated Financial Statements" at pages 214-217 from Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2011, in paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part II – Item 1 entitled "Legal Proceedings" and in the paragraphs beginning with "Legal" under the heading "Contingencies" in Part 1 – Item 1 entitled "Notes to Condensed Consolidated Financial Statements" at pages 65-67 from Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012 and in this Registration Document, there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley (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 which may have, or have had in the recent past, a significant effect on the financial position or profitability of Morgan Stanley or the Morgan Stanley Group.

9. ADDITIONAL INFORMATION

Auditors

The auditors of Morgan Stanley for the financial years 1 January 2010 to 31 December 2010 and 1 January 2011 to 31 December 2011 were Deloitte & Touche LLP, an independent registered public accounting firm (the "**Auditors**").

The Auditors have audited the consolidated statements of financial condition of Morgan Stanley as of 31 December 2011 and 31 December 2010 and the consolidated statements of income, comprehensive income, cash flows, and changes in total equity for the calendar years ended 31 December 2011 and 31 December 2010.

The Auditors have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Morgan Stanley's internal control over financial reporting as of 31 December 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and their report dated 27 February 2012, expresses an unqualified opinion on Morgan Stanley's internal control over financial reporting. Based on their audits, the Auditors expressed an unqualified opinion on such consolidated financial statements, indicating that such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and 31 December 2011, and the results of its operations and its cash flows for the years ended 31 December 2010 and 31 December 2011 in conformity with accounting principles generally accepted in the United States of America.

Based on their audits, the Auditors expressed their opinion that such financial statements, when consolidated in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Significant changes in the financial position of Morgan Stanley

There has been no significant change in the financial or trading position of the Morgan Stanley Group from the date of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2012.

Share capital

The authorised share capital of Morgan Stanley at 31 March 2012 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 31 March 2012 comprised 2,038,893,979 ordinary shares of nominal value U.S. \$0.01.

Certificate of Incorporation

Morgan Stanley's objects and purposes are set out in Article III of 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.

10. RELEVANT AGREEMENTS

There is no relevant agreement, entered into by Morgan Stanley outside the scope of its business, likely to determine for the members of the group obligations or rights that may have a significant impact on Morgan Stanley's ability to fulfil the obligation under the financial instruments to be issued towards the relevant holders.

11. INFORMATION GIVEN BY THIRD PARTIES, EXPERTS' VALUATIONS AND DECLARATION OF INTERESTS

This Registration Document does not contain any information given by third parties, experts' valuation or declaration of interests other than the reports of the auditors. For further details see section "Auditors" above.

SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY

Selected Financial Information

Required Capital

Beginning with the quarter ended 30 June 2010, Morgan Stanley's capital estimation is based on the Required Capital Framework, an internal capital adequacy measure. This framework is a risk-based internal use of capital measure, which is compared with Morgan Stanley's regulatory capital to help ensure Morgan Stanley maintains an amount of risk-based going concern capital after absorbing potential losses from extreme stress events at a point in time. The difference between Morgan Stanley's regulatory capital and aggregate Required Capital is Morgan Stanley's Parent capital. Average Tier 1 capital, aggregate Required capital and Parent capital for 2011 were approximately \$51.2 billion, \$30.9 billion and \$20.3 billion, respectively. Morgan Stanley generally holds Parent capital for prospective regulatory requirements, including Basel III, organic growth, acquisitions and other capital needs.

Tier 1 capital and common equity attribution to the business segments is based on capital usage calculated by Required Capital. In principle, each business segment is capitalized as if it were an independent operating entity with limited diversification benefit between the business segments. Required Capital is assessed at each business segment and further attributed to product lines. This process is intended to align capital with the risks in each business segment in order to allow senior management to evaluate returns on a risk-adjusted basis. The Required Capital framework will evolve over time in response to changes in the business and regulatory environment, and to incorporate enhancements in modelling techniques. During 2012, the Company will continue to evaluate the framework with respect to the impact of future regulatory requirements, as appropriate.

The following table presents Morgan Stanley's and the business segments' average Tier 1 capital and average common equity for 2011.

	2011	
	Average Tier 1 capital	Average common equity
	<i>(dollars in billions)</i>	
Institutional Securities	\$26.2	\$26.2
Global Wealth Management Group	3.3	7.6
Asset Management	1.4	2.2
Parent capital	20.3	18.4
Total from continuing operations	51.2	54.4
Discontinued operations	-	-
Total	<u>\$51.2</u>	<u>\$54.4</u>

Overview of 2011 Financial Results

Consolidated Review. Morgan Stanley recorded net income applicable to Morgan Stanley of \$4,110 million on net revenues of \$32,403 million in 2011, compared with \$4,703 million of net income applicable to Morgan Stanley and net revenues of \$31,387 million in 2010.

Net revenues in 2011 included positive revenue of \$3,681 million, or \$1.34 per diluted share, due to the impact of the widening of Morgan Stanley's Debt-Related Credit Spreads on Borrowings that are

accounted for at fair value, compared with negative revenues of \$873 million in 2010 due to the impact of the tightening of Morgan Stanley's Debt-Related Credit Spreads on Borrowings that were accounted for at fair value. Results for 2011 included the settlement with MBIA Insurance Corporation ("**MBIA**"), which resulted in a pre-tax loss of approximately \$1.7 billion. In addition, Morgan Stanley recorded a pre-tax loss of approximately \$783 million arising from its 40% stake in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**"). Non-interest expenses increased 5% to \$26,289 million in 2011. Non-compensation expenses increased 7% in 2011.

Diluted earnings per common share ("**EPS**") and diluted EPS from continuing operations were \$1.23 and \$1.26 in 2011, respectively, compared with \$2.63 and \$2.45, respectively, in 2010. The earnings per share calculation for 2011 included a negative adjustment of approximately \$1.7 billion, or \$0.98 per diluted share (calculated using 1.79 billion diluted average shares outstanding under the if-converted method), related to the conversion of MUFG's outstanding Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock ("**Series B Preferred Stock**") into Morgan Stanley's common stock.

Morgan Stanley's effective tax rates from continuing operations were 23.2% and 12.1% for 2011 and 2010, respectively. The effective tax rates included aggregate discrete tax benefits of \$484 million and \$997 million for 2011 and 2010, respectively. Excluding these discrete tax benefits, the effective tax rates from continuing operations in 2011 and 2010 would have been 31.1% and 28.1%, respectively. The increase in the effective tax rate is primarily reflective of the geographic mix of earnings.

Additional selected financial information

The remainder of this section contains income statement data on Morgan Stanley for the years ended 31 December 2011 and 31 December 2010 that have been derived from the audited financial statements included in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2011 which were prepared in accordance with US GAAP.

Selected financial information of Morgan Stanley relating to the years ended 31 December 2011 and 31 December 2010 taken from the Annual Report on Form 10-K for the year ended 31 December 2011

Morgan Stanley
Consolidated Statements of Financial Condition
(dollars in millions, except share data)

	<u>31 December 2011</u>	<u>31 December 2010</u>
Assets		
Cash and due from banks (\$511 and \$297 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities generally not available to Morgan Stanley)	\$ 13,165	\$ 7,341
Interest bearing deposits with banks	34,147	40,274
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	29,454	19,180
Financial instruments owned, at fair value (approximately \$140,749 and \$129,969 were pledged to various parties at 31 December 2011 and 31 December 2010, respectively):		
U.S. government and agency securities	63,449	48,446
Other sovereign government obligations	29,059	33,908
Corporate and other debt (\$3,007 and \$3,816 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities, generally not available to Morgan Stanley)..	68,923	88,154
Corporate equities (\$0 and \$625 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities, generally not available to Morgan Stanley).....	47,966	68,416
Derivative and other contracts	48,064	51,292
Investments (\$1,666 and \$1,873 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities, generally not available to Morgan Stanley).....	8,195	9,752
Physical commodities	9,697	6,778
Total financial instruments owned, at fair value	275,353	306,746
Securities available for sale, at fair value	30,495	29,649
Securities received as collateral, at fair value.....	11,651	16,537
Federal funds sold and securities purchased under agreements to resell (includes \$112 and \$0 at fair value at 31 December 2011 and 31 December 2010, respectively).....	130,155	148,253
Securities borrowed.....	127,074	138,730
Receivables:		
Customers	33,977	35,258
Brokers, dealers and clearing organizations.....	5,248	9,102
Fees, interest and other	9,444	9,790
Loans (net of allowances of \$17 and \$82 at 31 December 2011 and 31 December 2010, respectively).....	15,369	10,576
Other investments	4,832	5,412
Premises, equipment and software costs (net of accumulated depreciation of \$4,852 and \$4,476 at 31 December 2011 and 31 December 2010, respectively) (\$234 and \$321 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities, generally not available to Morgan Stanley).....	6,457	6,154
Goodwill	6,686	6,739
Intangible assets (net of accumulated amortization of \$910 and \$605 at 31 December 2011 and 31 December 2010, respectively) (includes \$133 and \$157 at fair value at 31 December 2011 and 31 December 2010, respectively).....	4,285	4,667
Other assets (\$446 and \$118 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities, generally not available to Morgan Stanley).....	12,106	13,290
Total assets.....	<u>749,898</u>	<u>807,698</u>

Morgan Stanley
Consolidated Statements of Financial Condition (Continued)
(dollars in millions, except share data)

	31 December 2011	31 December 2010
Liabilities and Equity		
Deposits (includes \$2,101 and \$3,027 at fair value at 31 December 2011 and 31 December 2010, respectively).....	\$ 65,662	\$ 63,812
Commercial paper and other short-term borrowings (includes \$1,339 and \$1,799 at fair value at 31 December 2011 and 31 December 2010, respectively)	2,843	3,256
Financial instruments sold, not yet purchased, at fair value:		
U.S. government and agency securities	19,630	27,948
Other sovereign government obligations	17,141	22,250
Corporate and other debt.....	8,410	10,918
Corporate equities	24,497	19,838
Derivative and other contracts.....	46,453	47,802
Physical commodities.....	16	-
Total financial instruments sold, not yet purchased, at fair value	116,147	128,756
Obligation to return securities received as collateral, at fair value	15,394	21,163
Securities sold under agreements to repurchase (includes \$348 and \$849 at fair value at 31 December 2011 and 31 December 2010, respectively).....	104,800	147,598
Securities loaned	30,462	29,094
Other secured financings (includes \$14,594 and \$8,490 at fair value at 31 December 2011 and 31 December 2010, respectively) (\$2,316 and \$2,656 at 31 December 2011 and 31 December 2010, respectively, related to consolidated variable interest entities and are non-recourse to Morgan Stanley).....	20,719	10,453
Payables:		
Customers	117,241	123,249
Brokers, dealers and clearing organizations.....	4,082	3,363
Interest and dividends	2,292	2,572
Other liabilities and accrued expenses (\$121 and \$117 at 31 December 2011 and 31 December 2010 respectively related to consolidated variable interest entities and are non-recourse to Morgan Stanley).....	15,944	16,518
Long-term borrowings (includes \$39,663 and \$42,709 at fair value at 31 December 2011 and 31 December 2010, respectively).....	184,234	192,457
	<u>679,820</u>	<u>742,291</u>
Commitments and contingent liabilities (see Note 13)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	1,508	9,597
Common stock, \$0.01 par value;		
Shares authorized: 3,500,000,000 at 31 December 2011 and 31 December 2010; Shares issued: 1,989,377,171 at 31 December 2011 and 1,603,913,074 at 31 December 2010; Shares outstanding: 1,926,986,130 at 31 December 2011 and 1,512,022,095 at 31 December 2010.....	20	16
Paid-in capital	22,836	13,521
Retained earnings	40,341	38,603
Employee stock trust	3,166	3,465
Accumulated other comprehensive loss.....	(157)	(467)
Common stock held in treasury, at cost, \$0.01 par value; 62,391,041 shares at 31 December 2011 and 91,890,979 shares at 31 December 2010.....	(2,499)	(4,059)
Common stock issued to employee trust.....	(3,166)	(3,465)
Total Morgan Stanley shareholders' equity	62,049	57,211
Noncontrolling interests.....	8,029	8,196

Total equity	<u>70,078</u>	<u>65,407</u>
Total liabilities and equity.....	<u><u>749,898</u></u>	<u><u>807,698</u></u>

Morgan Stanley
Consolidated Statements of Income
(dollars in millions, except share data)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Investment banking	\$ 4,991	\$ 5,122	\$ 5,020
Principal transactions:			
Trading	12,392	9,406	7,723
Investments	573	1,825	(1,034)
Commissions and fees	5,379	4,947	4,233
Asset management, distribution and administration fees	8,502	7,919	5,841
Other	209	1,271	707
Total non-interest revenues	<u>32,046</u>	<u>30,490</u>	<u>22,490</u>
Interest income	7,264	7,311	7,477
Interest expense	6,907	6,414	6,687
Net interest	<u>357</u>	<u>897</u>	<u>790</u>
Net revenues	<u>32,403</u>	<u>31,387</u>	<u>23,280</u>
Non-interest expenses:			
Compensation and benefits	16,403	15,923	14,331
Occupancy and equipment	1,564	1,560	1,540
Brokerage, clearing and exchange fees	1,652	1,431	1,190
Information processing and communications	1,815	1,648	1,363
Marketing and business development	602	576	500
Professional services	1,803	1,818	1,577
Other	2,450	2,200	1,649
Total non-interest expenses	<u>26,289</u>	<u>25,156</u>	<u>22,150</u>
Income from continuing operations before income taxes	6,114	6,231	1,130
Provision for (benefit from) income taxes	1,418	754	(297)
Income from continuing operations	<u>4,696</u>	<u>5,477</u>	<u>1,427</u>
Discontinued operations:			
Gain (loss) from discontinued operations	(175)	577	(114)
Provision for (benefit from) income taxes	(124)	352	(93)
Net gain (loss) from discontinued operations	<u>(51)</u>	<u>225</u>	<u>(21)</u>
Net income	4,645	5,702	1,406
Net income applicable to noncontrolling interests	535	999	60
Net income (loss) applicable to Morgan Stanley	<u>4,110</u>	<u>4,703</u>	<u>1,346</u>
Earnings (loss) applicable to Morgan Stanley common shareholders	<u>2,067</u>	<u>3,594</u>	<u>(907)</u>
Amounts applicable to Morgan Stanley:			
Income from continuing operations	4,161	4,478	1,383
Net gain (loss) from discontinued operations	(51)	225	(37)
Net income (loss) applicable to Morgan Stanley	<u>4,110</u>	<u>4,703</u>	<u>1,346</u>
Earnings (loss) per basic common share:			
Income (loss) from continuing operations	1.28	2.49	(0.73)
Net gain (loss) from discontinued operations	(0.03)	0.15	(0.04)
Earnings (loss) per basic common share	<u>1.25</u>	<u>2.64</u>	<u>(0.77)</u>
Earnings (loss) per diluted common share:			
Income (loss) from continuing operations	1.26	2.45	(0.73)
Net gain (loss) from discontinued operations	(0.03)	0.18	(0.04)
Earnings (loss) per diluted common share	<u>1.23</u>	<u>2.63</u>	<u>(0.77)</u>
Average common shares outstanding:			
Basic	<u>1,654,708,640</u>	<u>1,361,670,938</u>	<u>1,185,414,871</u>
Diluted	<u>1,675,271,699</u>	<u>1,411,268,971</u>	<u>1,185,414,871</u>

Morgan Stanley
Consolidated Statements of Comprehensive Income
(dollars in millions)

	2011	2010	2009
Net income (loss)	\$4,645	\$5,702	\$1,406
Other comprehensive income, net of tax:			
Foreign currency translation adjustments(1)	35	221	112
Amortization of cash flow hedges(2)	7	9	13
Net unrealized gain on securities available for sale(3)	87	36	-
Pension, postretirement and other related adjustments(4)	251	(20)	(273)
Comprehensive income	\$5,025	\$5,948	\$1,258
Net income applicable to noncontrolling interests	535	999	60
Other comprehensive income (loss) applicable to noncontrolling interests	70	153	(8)
Comprehensive income applicable to Morgan Stanley	<u>\$4,420</u>	<u>\$4,796</u>	<u>\$1,206</u>

(1) Amounts are net of provision for (benefit from) income taxes of \$86 million, \$(222) million and \$(335) million for 2011, 2010 and 2009, respectively.

(2) Amounts are net of provision for income taxes of \$6 million, \$6 million and \$8 million for 2011, 2010 and 2009, respectively.

(3) Amounts are net of provision for income taxes of \$63 million and \$25 million for 2011 and 2010, respectively.

(4) Amounts are net of provision for (benefit from) income taxes of \$153 million, \$(10) million and \$(161) million for 2011, 2010 and 2009, respectively.

DESCRIPTION OF MORGAN STANLEY & CO. INTERNATIONAL PLC

1. INFORMATION ABOUT MORGAN STANLEY & CO. INTERNATIONAL PLC

History and Development of Morgan Stanley & Co. International plc

Legal name, place of registration and registration number, date of incorporation

MSI plc was incorporated in England and Wales with registered number 2068222 on 28 October 1986. MSI plc was incorporated as a company limited by shares under the Companies Act 1985 and operates under the Companies Act 2006. MSI plc was re-registered as a public limited company on 13 April 2007.

Registered office

MSI plc's registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA and the telephone number of its registered office is +44 20 7425 8000.

Legal and commercial name of Morgan Stanley & Co. International plc

MSI plc's legal and commercial name is Morgan Stanley & Co. International plc.

Recent Events

No recent event particular to MSI plc has occurred which is to a material extent relevant to the evaluation of its solvency.

2. OVERVIEW OF THE ACTIVITIES

MSI plc forms part of a group of companies including MSI plc and all of its subsidiary and associated undertakings ("**MSIP Group**"). The principal activity of the MSIP Group is the provision of financial services to corporations, governments and financial institutions.

MSI plc operates globally with a particular focus in Europe. It operates branches in the Dubai International Financial Centre, France, Korea, the Netherlands, New Zealand, Poland, the Qatar Financial Centre and Switzerland.

The MSIP Group provides 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 and fixed income securities and related products, including foreign exchange and commodities; and investment activities.

3. ORGANIZATIONAL STRUCTURE

MSI plc's ultimate U.K. parent undertaking is Morgan Stanley International Limited and MSI plc's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with MSI plc and Morgan Stanley's other consolidated subsidiaries, form the Morgan Stanley Group.

MSI plc is owned directly by Morgan Stanley UK Group (70% holding) and Morgan Stanley Services (UK) Limited (10% holding). Morgan Stanley Finance Limited (10% holding) and Morgan Stanley Strategic Funding Limited (10% holding).

The consolidated accounts set out in the section entitled " Selected Financial Information of Morgan Stanley & Co. International plc " herein are the MSIP Group accounts and for the purposes of those accounts, MSI plc is the parent company of such Group.

There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other companies in the Morgan Stanley Group, including the provision of funding, capital, services and logistical support

to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees. As a consequence of such inter-relationships, and of the participation of both MSI plc and other Morgan Stanley Group companies in the global financial services sector, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSI plc. Any such effect could be direct, for example, where economic or market factors directly affect the markets in which MSI plc and other companies in the Morgan Stanley Group operate, or indirect, for example where any factor affects the ability of other companies in the Morgan Stanley Group to provide services or funding or capital to MSI plc or, directly or indirectly, to place business with MSI plc. Similarly, any development affecting the reputation or standing of Morgan Stanley or other companies in the Morgan Stanley Group may have an indirect effect on MSI plc. Such inter-relationships should therefore be taken into account in any assessment of MSI plc.

Please see "Description of Morgan Stanley" for information on the Morgan Stanley Group.

4. MANAGEMENT OF MORGAN STANLEY & CO. INTERNATIONAL PLC

Directors of MSI plc

<i>Name</i>	<i>Principal outside activity</i>
Pavlos Bailas	Director of Morgan Stanley International Limited, Morgan Stanley Private Wealth Management Limited and Morgan Stanley Smith Barney Holdings (UK) Limited
Colin Bryce	Director of Morgan Stanley International Limited, Morgan Stanley Capital Group Limited, Morgan Stanley Securities Limited, Chairman of Morgan Stanley Bank International Limited and Member of the Supervisory Board of Morgan Stanley Bank AG
Colm Kelleher	Chairman of Morgan Stanley International Limited, Director of Morgan Stanley & Co, LLC and OOO Morgan Stanley Bank. Chairman of Morgan Stanley Bank N.A.
Franck Petitgas	Director of Morgan Stanley International Limited, Morgan Stanley & Co. Limited and OOO Morgan Stanley Bank and Member of the Supervisory Board of Morgan Stanley Bank AG
Ian Plenderleith	Independent Director of Morgan Stanley International Limited, Sanlam Limited, Sanlam Life Insurance Limited, Sanlam UK Limited, BMCE Bank International plc and Chairman of BH Macro Limited
Robert Rooney	Director of Morgan Stanley International Limited, OOO Morgan Stanley Bank and Member of the Supervisory Board of Morgan Stanley Bank AG
David Russell	Director of Morgan Stanley International Limited, Morgan Stanley Securities Limited, OOO Morgan

Stanley Bank, Strategic Investments I, Inc, Member of the Supervisory Board of Morgan Stanley Bank AG and Director of RMB Morgan Stanley (Proprietary) Limited

Clare Woodman

Director of Morgan Stanley International Limited, Morgan Stanley Saudi Arabia, Morgan Stanley Smith Barney Holdings (UK) Limited, Bank Morgan Stanley AG, OOO Morgan Stanley Bank, Credito Fondiario S.p.A., Euroclear SA/NV and Euroclear plc

The business address of the directors is 25 Cabot Square, Canary Wharf, London E14 4QA.

There are no potential conflicts of interests between any duties to MSI plc of its directors and their private interests and/or other duties.

5. BOARD PRACTICES

Morgan Stanley International Limited ("**MSI**") established an audit committee (the "**Audit Committee**") in September 2003. The current remit of the Audit Committee is to assist the Board of MSI in monitoring: (i) the integrity of the financial statements of MSI, its FSA regulated subsidiaries, namely: Morgan Stanley Bank International Limited, Morgan Stanley & Co. International plc, Morgan Stanley Securities Limited, Morgan Stanley & Co. Limited and Morgan Stanley Investment Management Limited ("**Regulated Subsidiaries**"), and Morgan Stanley B.V. (together with the Regulated Subsidiaries, its "**Subsidiaries**") (ii) the systems of internal controls, (iii) compliance with legal and regulatory requirements, (iv) the qualifications and independence of external auditors for MSI and its Subsidiaries, (v) the performance of Morgan Stanley's internal and external auditors, and (vi) the efficacy of Morgan Stanley's policies and structures for conflict management in Europe.

The Audit Committee reports to the Board of MSI on a quarterly basis. The Audit Committee comprises Colin Fisher, Judith Eden, Edward Ocampo, Sir Adam Ridley, Stephen Mavin, Ian Plenderleith, Sue Watts and Clare Woodman. Colin Fisher, Sir Adam Ridley and Ian Plenderleith are not officers or employees of Morgan Stanley Group and are independent members of the Audit Committee. The Audit Committee members are appointed by the Board of Directors of MSI.

MSI plc complies with the corporate governance requirements as required by the corporate laws of the United Kingdom.

6. MAJOR SHAREHOLDERS

Major Shareholders

MSI plc's share capital is owned as follows:

Share Class	Shareholder	Shares Held (% of Class)
GBP Ordinary Shares	Morgan Stanley UK Group	17,615,106 (99.9%)
GBP Ordinary Shares	Morgan Stanley Group (Europe)	1 (0.01%)
USD Ordinary Shares	Morgan Stanley UK Group	6,884,105,148 (100%)
USD Class A Non-Voting Ordinary Shares	Morgan Stanley UK Group	1,500,000,000 (100%)
USD Class C Non-Cumulative Preference Shares	Morgan Stanley Services (UK) Limited	7,000,000 (14%)
	Morgan Stanley Finance Limited	43,000,000 (86%)

USD Class D1 Non-Cumulative Preference Shares	Morgan Stanley Strategic Funding Limited	2,500,000,000 (100%)
---	--	----------------------

7. LEGAL PROCEEDINGS

In addition to the matters described below, in the normal course of business, MSI plc 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 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.

MSI plc is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding MSI plc's business including, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

Litigation matters

MSI plc contests liability and/or the amount of damages as appropriate in each pending matter. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, MSI plc cannot predict with certainty the loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, MSI plc believes, based on current knowledge and after consultation with counsel, that the outcome of such pending matters will not have a material adverse effect on the consolidated financial condition of the MSIP Group, although the outcome of such matters could be material to the MSIP Group's operating results and cash flows for a particular future period depending on, among other things, the level of the MSI Group's revenues or income for such period.

On 25 August 2008, the Morgan Stanley Group, the MSIP Group and two ratings agencies were named as defendants in a purported class action related to securities issued by a structured investment vehicle ("SIV") called Cheyne Finance (the "**Cheyne SIV**"). The case is styled *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* and is pending in the Southern District of New York ("**SDNY**"). The complaint alleges, among other things, that the ratings assigned to the securities issued by the Cheyne SIV were false and misleading because the ratings did not accurately reflect the risks associated with the subprime residential mortgage backed securities held by the Cheyne SIV. On 2 September 2009, the court dismissed all of the claims against the Morgan Stanley Group and the MSIP Group except for plaintiffs' claims for common law fraud. On 15 June 2010, the court denied plaintiffs' motion for class certification. On 20 July 2010, the court granted plaintiffs leave to replead their aiding and abetting common law fraud claims against the Morgan Stanley Group and the MSIP Group, and those claims were added in an amended complaint filed on 5 August 2010. On 27 December 2011, the court permitted plaintiffs to reinstate their causes of action for negligent misrepresentation and breach of fiduciary duty against the Morgan Stanley Group and the MSIP Group. The Morgan Stanley Group and the MSIP Group moved to dismiss these claims on 10 January 2012. On 5 January 2012, the court permitted plaintiffs to amend their Complaint and assert a negligence claim against the Morgan Stanley Group and the MSIP Group. The amended complaint was filed on 9 January 2012 and the Morgan Stanley Group and the MSIP Group moved to dismiss the negligence claim on 17 January 2012. On 23 January 2012, the Morgan Stanley Group and the MSIP Group moved for summary judgment with respect to the fraud and aiding and abetting fraud claims. There are 15 plaintiffs in this action asserting claims related to approximately \$983 million of securities issued by the Cheyne SIV. Plaintiffs have not alleged the amount of their alleged investments and are seeking, among other things, unspecified compensatory and punitive damages. Based on currently available information, the Morgan Stanley Group and the MSIP Group believes that the defendants could incur a loss up to the amount of plaintiffs' claimed compensatory damages, once

specified, related to their alleged purchase of approximately \$983 million of securities issued by the Cheyne SIV plus pre- and post-judgment interest, fees and costs.

On 10 June 2010, the Morgan Stanley Group and the MSIP Group was named as a new defendant in a pre-existing purported class action related to securities issued by a SIV called Rhinebridge plc ("**Rhinebridge SIV**"). The case is styled *King County, Washington, et al. v. IKB Deutsche Industriebank AG, et al.* and is pending in the SDNY. The complaint asserts claims for common law fraud and aiding and abetting common law fraud and alleges, among other things, that the ratings assigned to the securities issued by the SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime RMBS held by the SIV. On 15 July 2010, the Morgan Stanley Group and the MSIP Group moved to dismiss the complaint. That motion was denied on 29 October 2010. On 27 December 2011, the court permitted plaintiffs to amend their complaint and assert causes of action for negligence, negligent misrepresentation, and breach of fiduciary duty against the Morgan Stanley Group and the MSIP Group. The amended complaint was filed on 10 January 2012 and the Morgan Stanley Group and the MSIP Group moved to dismiss the negligence, negligent misrepresentation, and breach of fiduciary duty claims on 31 January 2012. The case is pending before the same judge presiding over the litigation concerning the Cheyne SIV, described above. While reserving their ability to act otherwise, plaintiffs have indicated that they do not currently plan to file a motion for class certification. Plaintiffs have not alleged the amount of their alleged investments, and are seeking, among other relief, unspecified compensatory and punitive damages.

On 15 July 2010, China Development Industrial Bank ("**CDIB**") filed a complaint against the Morgan Stanley Group, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated et al.* and is pending in the Supreme Court of the State of New York, New York County. The complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that the Morgan Stanley Group misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that the Morgan Stanley Group knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On 28 February 2011, the court presiding over this action denied the Morgan Stanley Group's motion to dismiss the complaint. On 21 March 2011, the Morgan Stanley Group appealed the order denying its motion to dismiss the complaint. On 7 July 2011, the appellate court affirmed the lower court's decision denying the motion to dismiss. Based on currently available information, the Morgan Stanley Group believes it could incur a loss of up to approximately \$240 million plus pre- and post-judgment interest, fees and costs.

On 25 September 2009, MSI plc was named as a defendant in a lawsuit styled *Citibank, N.A. v. Morgan Stanley & Co. International, Plc*, which was pending in the SDNY. The lawsuit relates to a credit default swap referencing the Capmark VI CDO ("**Capmark**"), which was structured by Citibank, N.A. ("**Citi N.A.**"). At issue is whether, as part of the swap agreement, Citi N.A. was obligated to obtain the MSIP Group's prior written consent before it exercised its rights to liquidate Capmark upon the occurrence of certain contractually-defined credit events. Citi N.A. is seeking approximately \$245 million in compensatory damages plus interest and costs. On 8 October 2010, the court issued an order denying Citi N.A.'s motion for judgment on the pleadings as to the MSIP Group's counterclaim for reformation and granting Citi N.A.'s motion for judgment on the pleadings as to the MSIP Group's counterclaim for estoppel. On 25 May 2011, the court issued an order denying the MSIP Group's motion for summary judgment in favour of Citi N.A. for \$269 million plus post-judgment interest and costs, and the MSIP Group filed a notice of appeal with the United States Court of Appeals for the Second Circuit, which appeal is now pending. Based on currently available information, the MSIP Group believes it could incur a loss of up to approximately \$269 million plus post-judgment interest. In compliance with intra-group policies, revenues and costs related to the Capmark deal reference above, including any potential litigation costs, are transferred to other Morgan Stanley Group entities outside the MSIP Group.

Save as disclosed above under the paragraph entitled "Litigation matters", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MSI plc is aware) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the MSIP Group.

4.13.6

8. ADDITIONAL INFORMATION

Auditors

MSI plc's report and accounts for the financial years ended 31 December 2011 and 31 December 2010 have been audited by Deloitte LLP of 2 New Street Square, London EC4A 3BZ who are a firm of registered auditors and a member firm of the Institute of Chartered Accountants in England and Wales for institute by-laws purposes.

Significant Changes in the financial or trading position of MSI plc

There has been no significant change in the financial or trading position of the MSIP Group since 31 December 2011 (the date of the latest consolidated report and accounts of MSI plc).

Material Adverse Change

There has been no material adverse change in the prospects of MSI plc since 31 December 2011.

Capital Structure

MSI plc has the following issued and fully paid up share capital:

- (i) £17,615,107 divided into 17,615,107 ordinary shares of £1 par value each (the "**GBP Ordinary Shares**"). Each GBP Ordinary Share is entitled to one vote.
- (ii) U.S.\$6,884,105,148 divided into 6,884,105,148 ordinary shares of U.S.\$1 par value each (the "**USD Ordinary Shares**"). Each USD Ordinary Share is entitled to one vote.
- (iii) U.S. \$1,500,000,000 divided into 1,500,000,000 class A ordinary shares of U.S.\$1 par value each (the "USD Class A Non-Voting Ordinary Shares"). The holders of the USD Class A Non-Voting Ordinary Shares are not entitled to vote at Shareholders meetings of MSI plc.
- (iv) U.S.\$50,000,000 divided into 50,000,000 class C non-cumulative preference shares of U.S.\$1 par value each (the "**USD Class C Non-Cumulative Preference Shares**"). The holders of the Class C Non-Cumulative Preference Shares are entitled to vote at shareholders meetings of MSI plc in accordance with the terms set out in the articles of association.
- (v) U.S.\$2,500,000,000 divided into 2,500,000,000 class D1 non-cumulative voting preference shares of U.S.\$0.40 par value each (the "**USD Class D1 Non-Cumulative Voting Preference Shares**"). The holder of the Class D1 Non-Cumulative Voting Preference Shares are entitled to vote at Shareholders meetings of MSI plc in accordance with the terms set out in the articles of association.

Selected Financial Information of Morgan Stanley & Co. International plc

The following tables set out the consolidated income statements and balance sheet information relating to MSI plc in accordance with applicable law and International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Such information is derived from the audited reports and accounts of MSI plc as at 31 December 2011. The comparative figures reflected in the financial statements are from the audited reports and accounts of MSI plc as at 31 December 2010.

The financial information presented below should be read in conjunction with such reports and accounts and the notes thereto.

Morgan Stanley & Co. International plc
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2011

	2011	2010
	\$millions	\$millions
Net gains on financial instruments classified as held for trading	3,539	3,652
Net gains on financial instruments designated at fair value through profit or loss	275	318
Net gains on available-for-sale financial assets	-	59
Interest income	4,003	3,852
Interest expense	(3,990)	(3,953)
Other income	265	188
Other expense	(3,293)	(3,353)
Gain on disposal of subsidiaries	5	-
Gain on disposal of joint venture	21	-
PROFIT BEFORE TAX	<u>825</u>	<u>763</u>
Income tax expense	(252)	(516)
PROFIT FOR THE YEAR	<u><u>573</u></u>	<u><u>247</u></u>
Attributable to:		
Equity holders of the Company	572	246
Non-controlling interests	1	1
PROFIT FOR THE YEAR	<u><u>573</u></u>	<u><u>247</u></u>

Morgan Stanley & Co. International plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	2011	2010
	\$millions	\$millions
ASSETS		
Loans and receivables:		
Cash at bank	11,180	10,436
Securities borrowed	29,575	27,852
Reverse repurchase agreements	97,218	112,183
Trade receivables	67,371	64,027
Other receivables	7,225	13,567
	<u>212,569</u>	<u>228,065</u>
Financial assets classified as held for trading (of which approximately \$33,132 million (2010: \$51,974 million) were pledged to various parties)	354,143	270,994
Financial assets designated at fair value through profit or loss	8,562	9,359
Available-for-sale financial assets	67	44
Current tax	145	377
Deferred tax assets	44	48
Prepayments and accrued income	45	29
Property, plant and equipment	10	12
Joint venture	-	7
TOTAL ASSETS	<u><u>575,585</u></u>	<u><u>508,935</u></u>
LIABILITIES AND EQUITY		
Financial liabilities at amortised cost:		
Bank loans and overdrafts	124	60
Securities loaned	26,016	53,059
Repurchase agreements	76,904	102,528
Trade payables	83,626	75,639
Other payables	21,707	24,557
Subordinated loans	7,906	7,906
Preference shares	-	786
	<u>216,283</u>	<u>264,535</u>
Financial liabilities classified as held for trading	333,825	220,793
Financial liabilities designated at fair value through profit or loss	11,710	13,713
Provisions	10	29
Current tax	68	434
Deferred tax liabilities	7	5
Accruals and deferred income	200	291
Retirement benefit obligations	4	4
TOTAL LIABILITIES	<u><u>562,107</u></u>	<u><u>499,804</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	9,464	5,578
Share premium account	513	513
Other reserves	1,261	1,251
Retained earnings	2,169	1,716
	<u>13,407</u>	<u>9,058</u>
Non-controlling interest	71	73
TOTAL EQUITY	<u><u>13,478</u></u>	<u><u>9,131</u></u>
TOTAL LIABILITIES AND EQUITY	<u><u>575,585</u></u>	<u><u>508,935</u></u>

DESCRIPTION OF MORGAN STANLEY (JERSEY) LIMITED

1. INFORMATION ABOUT MORGAN STANLEY (JERSEY) LIMITED

History and Development of Morgan Stanley (Jersey) Limited

Morgan Stanley (Jersey) Limited was incorporated in St. Helier, Jersey, Channel Islands (registration number 35857) as a company with unlimited duration on 24 September 1986. It has its registered office at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands, telephone number +44 (0)1534 609000.

Legislation

Morgan Stanley Jersey is subject to the Companies (Jersey) Law 1991, as amended.

2. OVERVIEW OF THE ACTIVITIES

Principal Activities

Morgan Stanley Jersey's business primarily consists of the issuance of financial instruments and the hedging of obligations arising pursuant to such issuances.

Principal Markets

Morgan Stanley Jersey conducts its business from Jersey. All material assets of Morgan Stanley Jersey are obligations of (or securities issued by) one or more companies in the Morgan Stanley Group. Morgan Stanley Jersey 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.

3. ORGANIZATIONAL STRUCTURE

Morgan Stanley Jersey has no subsidiaries and is ultimately controlled by Morgan Stanley.

4. MANAGEMENT OF MORGAN STANLEY JERSEY

The directors of Morgan Stanley Jersey are H. Herrmann and E. Alby and the alternate directors are G.P. Essex-Cater, F.X.A. Chesnay, D.M. Godwin, H.C. Grant, C. Ruark and S.M. Vardon. The business address of the directors is 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands. The directors of Morgan Stanley Jersey and principal outside activities as at the date hereof are:

<i>Name</i>	<i>Principal Outside Activity</i>
H. Herrmann	Executive Director, Morgan Stanley, Director, Fundlogic (Jersey) Limited, Director, Morgan Stanley Islamic Finance Limited
E. Alby	Executive Director, Morgan Stanley
G Essex-Cater (Alternate Director)	Employed within State Street Corporation group
F Chesnay (Alternate Director)	Employed within State Street Corporation group
D Godwin (Alternate Director)	Employed within State Street Corporation group
H Grant (Alternate Director)	Employed within State Street Corporation group
C Ruark (Alternate Director)	Employed within State Street Corporation group

S Vardon (Alternate Director)

Employed within State Street Corporation group

There are no potential conflicts of interests between any duties to Morgan Stanley Jersey of its directors and their private interests and/or other duties.

The secretary of Morgan Stanley Jersey is State Street Secretaries (Jersey) Limited of 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands.

Morgan Stanley Jersey has no employees.

5. BOARD PRACTICES

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

As of the date of this Registration Document, Morgan Stanley Jersey does not have an audit committee.

6. MAJOR SHAREHOLDERS

Morgan Stanley Jersey is wholly owned by Morgan Stanley. Morgan Stanley Jersey is not aware of any control measures with respect to such shareholder control. All decisions to issue securities are taken by the Board and Morgan Stanley Jersey earns a spread from all its issues of securities.

7. LITIGATION

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

8. ADDITIONAL INFORMATION

Auditors

Morgan Stanley Jersey's auditors are Deloitte LLP of Lord Coutanche House, 66-68 Esplanade, St Helier, Jersey, JE4 8WA who are Chartered Accountants.

Trend Information

Morgan Stanley Jersey intends to continue issuing securities and entering into hedges in respect of such issues of securities.

There has been no significant change in the financial or trading position, nor any material adverse change in the prospects of, Morgan Stanley Jersey since 31 December 2011.

Share Capital

At 31 December 2011, the total issued share capital equated to \$14,000 (2010: \$14,000) comprising of 10,000 British pound denominated ordinary shares of no par value. (There are no preference shares in issue). All ordinary shares are recorded at the rates of exchange ruling at the date the shares were paid up. All issued shares are fully paid.

Memorandum and Articles of Association

Morgan Stanley Jersey's objects and purposes are not specified in any document and are therefore unlimited.

Selected Financial Information

The profit or loss before tax for the financial years ended 31 December 2010 and 31 December 2011 was nil and nil respectively. The total assets of Morgan Stanley Jersey have decreased from U.S.\$1,053,701,000 as at 31 December 2010 to U.S.\$704,726,000 as at 31 December 2011 with total liabilities decreasing from U.S.\$1,053,245,000 as at 31 December 2010 to U.S.\$704,270,000 as at 31 December 2011. The financial information in respect of Morgan Stanley Jersey has been prepared in accordance with IFRS as adopted by the European Union for the years ended 31 December 2010 and 31 December 2011.

DESCRIPTION OF MORGAN STANLEY B.V.

1. INFORMATION ABOUT MORGAN STANLEY B.V.

History and Development

Morgan Stanley B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands on 6 September 2001 for an unlimited duration. MSBV is registered at the commercial register of the Chamber of Commerce and Industries (*Kamer van Koophandel*) for Amsterdam under number 34161590. It has its corporate seat at Amsterdam, The Netherlands and its offices are located at Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost, The Netherlands. Its telephone number is +31 20 57 55 600.

Legislation

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

2. OVERVIEW OF THE ACTIVITIES

Principal Activities

MSBV's principal activity is the issuance of financial instruments and the hedging of obligations arising pursuant to such issuances.

Principal Markets

MSBV conducts its business from The Netherlands. All material assets of MSBV are obligations of (or securities issued by) one or more companies in the Morgan Stanley Group. MSBV 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 "Description of Morgan Stanley" above for further details.

3. ORGANIZATIONAL STRUCTURE

MSBV has no subsidiaries. It is ultimately controlled by Morgan Stanley.

4. MANAGEMENT OF MSBV

The current directors of MSBV, their offices, if any, within MSBV, and their principal outside activity, if any, are listed below. The business address of each director is Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands.

<i>Name</i>	<i>Title</i>	<i>Principal Outside Activity</i>
Zhenrong Wu	Director	Executive Director, Morgan Stanley
H. Herrmann	Director	Executive Director, Morgan Stanley, Director, Fundlogic (Jersey) Limited, Director, Morgan Stanley Islamic Finance Limited
P.J.G de Reus	Director	Employee of TMF Netherlands B.V.

<i>Name</i>	<i>Title</i>	<i>Principal Outside Activity</i>
R.H.L. de Groot	Director	Employee of TMF Netherlands B.V.
TMF Management B.V.	Director	Dutch corporate service provider

Directors of TMF Management B.V.

R.W. de Koning	Director	Employee of TMF Netherlands B.V.
J.C.W. van Burg	Director	Employee of TMF Netherlands B.V.
F.W.J.J. Welman	Director	Employee of TMF Netherlands B.V.

There are no potential conflicts of interests between any duties to MSBV of its directors and their private interests and/or other duties.

5. BOARD PRACTICE

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

MSBV qualifies as an organisation of public interest pursuant to Dutch and E.U. law. Morgan Stanley International Limited has an audit committee that complies with the applicable corporate governance rules and also functions as the audit committee of MSBV; accordingly, MSBV has therefore taken the exemption for groups and has not established an audit committee.

6. MAJOR SHAREHOLDERS

Archimedes Investments Cooperative U.A. (a group company) holds the majority of shares in MSBV. Morgan Stanley International Holding Inc and Morgan Stanley International Limited each hold one share in MSBV. MSBV is ultimately controlled by Morgan Stanley. MSBV is not aware of any control measures with respect to such shareholder control. All decisions to issue securities are taken by the Board and MSBV earns a spread on all its issues of securities.

7. LITIGATION

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

8. ADDITIONAL INFORMATION

Auditors

Deloitte Accountants B.V., independent auditors and certified public accountants of Orlyplein 10, 1043 DP Amsterdam, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands, have audited the financial statements of MSBV for the years ended 31 December 2010 and 31 December 2011 and an unqualified opinion has been reported thereon.

This document does not contain any other information that has been audited by Deloitte Accountants B.V.

The financial information in respect of MSBV has been prepared in accordance with IFRS as adopted by the European Union for the years ended 31 December 2010 and 31 December 2011.

Trend Information

MSBV intends to continue issuing securities and entering into hedges in respect of such issues of securities. There has been no material adverse change in the prospects of MSBV since 31 December 2011.

Significant Change

Save as disclosed in the section entitled "Events after the Reporting Date" on page 6 of MSBV's Report and Financial Statements for the year end 31 December 2011, there has been no significant change in the financial or trading position of MSBV since 31 December 2011.

Share Capital

The authorised share capital of MSBV comprises 400,000 ordinary shares of nominal value EUR 100.

The issued, allotted and fully paid up share capital of MSBV comprises 150,180 ordinary shares of nominal value EUR 100.

Articles of Association

MSBV's objects and purposes are set out in Article 3 of 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. As well as everything pertaining to the foregoing, relating thereto or conducive thereto all in the widest sense of the word.

The articles of association were last amended on 20 July 2011.

Selected Financial Information

The profit after tax for the years ended 31 December 2011 and 31 December 2010 was EUR 3,026,000 and EUR 1,638,000 respectively. The profit before tax for the financial years ended 31 December 2011 and 31 December 2010 was EUR 4,020,000 and EUR 2,188,000 respectively.

The total assets of MSBV decreased from EUR 5,494,136,000 at 31 December 2010 to EUR 4,187,365,000 at 31 December 2011 with total liabilities decreasing from EUR 5,465,943,000 at 31 December 2010 to EUR 4,170,543,000 at 31 December 2011.

The financial information in respect of MSBV has been prepared in accordance with IFRS as adopted by the European Union for the years ended 31 December 2010 and 31 December 2011.

ANNEX I

SUBSIDIARIES OF MORGAN STANLEY

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley	Delaware
Bayfine DE LLC	Delaware
Bayview Holding Ltd.	N/A
Bayfine DE Inc.	Delaware
Bayfine UK	United Kingdom
Belmondo LLC	Delaware
Cauca LLC	Delaware
Corporate Equipment Supplies, Inc.	Delaware
Cournot Holdings Inc.	Delaware
Cournot Capital Inc.	Delaware
Dean Witter Capital Corporation	Delaware
Dean Witter Realty Inc.	Delaware
Dean Witter Holding Corporation	Delaware
Civic Center Leasing Corporation	Delaware
Dean Witter Leasing Corporation	Delaware
Realty Management Services Inc.	Delaware
Dean Witter Reynolds Venture Equities Inc.	Delaware
Early Adopter Fund Manager Inc.	Delaware
Fuegos LLC	Delaware
Fundlogic (Jersey) Limited	N/A
FV-I, Inc.	Delaware
Bellevue Towers Condominiums, LLC	Delaware
Japan Core Funding, Inc.	Delaware
Jolter Investments Inc.	Delaware
Morgan Stanley (Jersey) Limited	N/A
Morgan Stanley ABS Capital I Inc.	Delaware
Morgan Stanley ABS Capital II Inc.	Delaware
Morgan Stanley Altabridge Ltd.	N/A
Morgan Stanley Amanu LLC	Delaware
Morgan Stanley Moorea Inc.	Delaware
Makatea JV Inc.	Delaware
Morgan Stanley Pinaki Limited	N/A
Morgan Stanley Raraka Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Tepoto Limited	N/A
Morgan Stanley Tindur LLC	Delaware
Morgan Stanley Snowdon Inc.	Delaware
Morgan Stanley Asset Funding Inc.	Delaware
Morgan Stanley Becketts LLC	Delaware
Morgan Stanley ML Acquisition Inc.	Delaware
Morgan Stanley Atlas, Inc.	Delaware
Morgan Stanley Barents LLC	Delaware
Morgan Stanley Biscay LLC	Delaware
Morgan Stanley Alpha Investments LLP	United Kingdom
Morgan Stanley Epsilon Investments Limited	United Kingdom
Morgan Stanley Plymouth Limited	N/A
Morgan Stanley Viking LLC	Delaware
Morgan Stanley Fastnet LLC	Delaware
Morgan Stanley Humber LLC	Delaware
Fitzroy Partnership	Delaware
Rockall Partnership	Delaware
Morgan Stanley Kite LLC	Delaware
Morgan Stanley Firecrest LLC	Delaware
Morgan Stanley Plover Limited	United Kingdom
Morgan Stanley Puffin LLC	Delaware
Morgan Stanley Semaine S.a r.l.	N/A
Ras Dashen Cayman Limited	N/A
Morgan Stanley Capital Group Inc.	Delaware
Aegir Services International Ltd.	N/A
Cayman Energy Ltd.	N/A
Ghent Energy Limited	N/A
Heidmar Group Inc.	Delaware
Houston Bayport Energy LLC	Delaware
Morgan Stanley Bay Shore LLC	Delaware
Morgan Stanley Capital Group (Espana), S.L.U.	N/A
Morgan Stanley Capital Group Czech Republic s.r.o.	N/A
Morgan Stanley Capital Group Energy Europe Limited	United Kingdom
Morgan Stanley Clean Development, LLC	Delaware
Morgan Stanley Renewables Development I (Cayman) Limited	N/A
Morgan Stanley Commodities Investment Limited	N/A
Morgan Stanley Energy Development Corp.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Capital Group Cyprus Limited	N/A
Morgan Stanley Petroleum Development LLC	Delaware
Wellbore Capital, LLC	Delaware
MS Permian LLC	Delaware
MS TELA LLC	Delaware
MS TGX LLC	Delaware
MSDW Power Development Corp.	Delaware
Cogeneracion Prat S.A.	N/A
Minnewit B.V.	N/A
MS Solar Canada Holdings Inc.	Delaware
MS Solar Holdings Canada ULC	Alberta
MS Solar Solutions Canada ULC	Alberta
MS Solar Investments LLC	Delaware
MS Solar Holdings Inc.	Delaware
MS Solar Solutions Corp.	Delaware
Naniwa Energy LLC	Delaware
Naniwa Terminal LLC	Delaware
Van Twiller B.V.	N/A
Navires Fuels Limited	N/A
Navires Fuels SAS	N/A
Pioneer Energy Holdings Pty Ltd	New South Wales
Pioneer Energy Pty Ltd	New South Wales
Power Contract Finance, L.L.C.	Delaware
Power Contract Financing II, Inc.	Delaware
Power Contract Financing II, L.L.C.	Delaware
South Eastern Electric Development Corporation	Delaware
South Eastern Generating Corporation	Delaware
Sparta Energy Limited	N/A
TransMontaigne Inc.	New York
TransMontaigne Canada Holdings Inc.	Quebec
Canterm Canadian Terminals Inc.	Quebec
TMG Canadian Holdings L.L.C.	Delaware
Olco Petroleum Group ULC (OLCO)	Alberta
TransMontaigne Marketing Canada Inc.	Quebec
TransMontaigne Product Services Inc.	Delaware
Concept Petroleum, Inc.	Florida
TransMontaigne Services Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
TransMontaigne GP L.L.C.	Delaware
TransMontaigne Partners L.P.	Delaware
TLP Finance Corp.	Delaware
TransMontaigne Operating Company, L.P.	Delaware
Battleground Oil Specialty Terminal Company LLC	Delaware
Razorback L.L.C.	Delaware
TLP Operating Finance Corp.	Delaware
TMOCCorp.	Delaware
Penn Octane de Mexico S. de R.L. de C.V.	N/A
Tergas S. de R.L. de C.V.	Delaware
Termatsal S. de R.L. de C.V.	N/A
TLP Mex L.L.C.	Delaware
TPME L.L.C.	Delaware
TPSI Terminals L.L.C.	Delaware
TransMontaigne Terminals L.L.C.	Delaware
TransMontaigne Operating GP L.L.C.	Delaware
Transworld Agricola Limited	N/A
Utility Contract Funding II, LLC	Delaware
Morgan Stanley Capital I Inc.	Delaware
Morgan Stanley Capital Management, LLC	Delaware
Morgan Stanley Domestic Holdings, Inc.	Delaware
Morgan Stanley & Co. LLC	Delaware
Corporate Services Support Corp.	Delaware
Morgan Stanley Flexible Agreements Inc.	Delaware
Morgan Stanley Kew Limited	N/A
MS Alpha Holdings LLC	Delaware
Morgan Stanley JV Holdings LLC	Delaware
Morgan Stanley Smith Barney Holdings LLC	Delaware
Alternative Investments Mgr, Ltd.	N/A
Ceres Managed Futures LLC	Delaware
CTA Capital LLC	Delaware
Consulting Group Advisory Services LLC	Delaware
LM Falcon Investment Strategies LLC	Delaware
Peregrine Investments, LLC	Maryland
Morgan Stanley GWM Feeder Strategies LLC	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley HedgePremier GP LLC	Delaware
Morgan Stanley Smith Barney Australia Pty Ltd	Western Australia
Bow Lane Nominees Pty. Ltd.	Victoria
Bowyang Nominees Pty Ltd	New South Wales
Skeet Nominees Pty. Ltd.	Victoria
Morgan Stanley Smith Barney Cayman Financing Services	N/A
Morgan Stanley Smith Barney FA Notes Holdings LLC	Delaware
Morgan Stanley Smith Barney Financing LLC	Delaware
Morgan Stanley Smith Barney Holdings (UK) Limited	United Kingdom
Morgan Stanley Private Wealth Management Limited	United Kingdom
Quilter & Co. Limited	United Kingdom
C.I.P.M. Nominees Limited	N/A
QGCi Nominees Limited	N/A
Coastal Nominees (International) Limited	United Kingdom
Coastal Nominees Limited	United Kingdom
Hawkshead Trust Nominees Limited	United Kingdom
Pembroke Quilter (Ireland) Nominees Limited	N/A
Quilpep Nominees Limited	United Kingdom
Quilter Fund Management Ltd	United Kingdom
Quilter Nominees Limited	United Kingdom
Morgan Stanley Smith Barney Institutional Partners, LLC	Delaware
Morgan Stanley Smith Barney LLC	Delaware
Morgan Stanley Insurance Services Inc.	Delaware
Morgan Stanley Smith Barney Insurance Services LLC	Delaware
SBHU Life Agency, Inc.	Delaware
Morgan Stanley Smith Barney Private Management II LLC	Delaware
Morgan Stanley Smith Barney Private Management LLC	Delaware
Morgan Stanley Smith Barney Venture Services LLC	Delaware
Morgan Stanley Swiss Holdings GmbH	N/A
Bank Morgan Stanley AG	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
MS Securities Services Inc.	Delaware
PI Co-Invest LLC	Delaware
Prime Dealer Services Corp.	Delaware
V2 Holdings (U.S.A), Inc.	Delaware
Gee Street Records, Inc.	Delaware
V2 Records, Inc.	Delaware
Morgan Stanley Capital Services LLC	Delaware
Morgan Stanley Delta Holdings LLC	New York
Morgan Stanley Bank, N.A.	FED
Morgan Stanley Private Bank, National Association	FED
Morgan Stanley NLE, LLC	Delaware
PDT Partners Fusion Fund, LLC	Delaware
Morgan Stanley Capital Partners III, Inc.	Delaware
Morgan Stanley Capital REIT Inc.	Delaware
Saxon Advance Receivables Company, Inc.	Delaware
Morgan Stanley Capital REIT IV Inc.	Delaware
Morgan Stanley Capital Trust III	Delaware
Morgan Stanley Capital Trust IV	Delaware
Morgan Stanley Capital Trust V	Delaware
Morgan Stanley Capital Trust VI	Delaware
Morgan Stanley Capital Trust VII	Delaware
Morgan Stanley Capital Trust VIII	Delaware
Morgan Stanley Collateralized Financing LLC	Delaware
Morgan Stanley Commercial Financial Services, Inc.	Delaware
Morgan Stanley Content Corporation	Delaware
Morgan Stanley Credit Products Ltd.	N/A
Morgan Stanley Darica Funding, LLC	Delaware
Morgan Stanley Dean Witter Equity Funding, Inc.	Delaware
Morgan Stanley Dean Witter International Incorporated	Delaware
Dean Witter Reynolds GmbH	N/A
Dean Witter Reynolds International, Inc.	N/A
Morgan Stanley (DWRRBS) Limited	United Kingdom
Morgan Stanley Derivative Products Inc.	Delaware
Morgan Stanley Domestic Leasing Inc.	Delaware
Morgan Stanley Durango LLC	Delaware
Morgan Stanley Afdera Cayman Limited	N/A
Morgan Stanley Ambasel LLC	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Amba Alagi LLC	Delaware
Morgan Stanley Elan LLC	Delaware
Cimarron Investments LLC	Delaware
Riva Investments LLC	Delaware
Morgan Stanley Emerging Markets Inc.	Delaware
Always Limited	N/A
Inter Capital Alliance Asset Management Co., Ltd.	N/A
Inter Capital Alliance Holding Limited	N/A
MS China 1 Limited	N/A
DAH Limited	N/A
DARE Limited	N/A
MS China 3 Limited	N/A
MS China 4 Limited	N/A
MS China 5 Limited	N/A
MSGHYLADD (in liquidation)	N/A
MSPI Hong Kong 1 Limited	N/A
Philippine Asset Investment (SPV-AMC), Inc.	N/A
Morgan Stanley Equity Services Inc.	Delaware
Morgan Stanley Europa LLC	Delaware
Morgan Stanley Elara Cayman Ltd.	N/A
Morgan Stanley Eurydome Cayman Limited	N/A
Morgan Stanley Callisto Cayman Ltd.	N/A
Morgan Stanley Luxembourg Holdings S.a r.l.	N/A
Morgan Stanley Europe Reinsurance S.A.	N/A
Morgan Stanley Global Reinsurance S.A.	N/A
Morgan Stanley Metis (Gibraltar) Limited	N/A
Morgan Stanley Ganymede Luxembourg S.a r.l.	N/A
Morgan Stanley Ananke Luxembourg S.a r.l.	N/A
Morgan Stanley Carme Luxembourg S.a r.l.	N/A
Morgan Stanley Eukelade Luxembourg S.a r.l.	N/A
Morgan Stanley Luxembourg International Reinsurance S.A.	N/A
Morgan Stanley Chaldene S.a r.l.	N/A
Morgan Stanley Luxembourg Reinsurance S.A.	N/A
Morgan Stanley Himalia Cayman Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Sinope Cayman Limited	N/A
Morgan Stanley Adrastea Netherlands B.V.	N/A
Morgan Stanley IO Cayman Limited	N/A
Morgan Stanley Iocaste Cayman Limited	N/A
Morgan Stanley Pasiphae Netherlands B.V.	N/A
Morgan Stanley Leda Cayman Ltd.	N/A
Morgan Stanley Financial Products Inc.	Delaware
Morgan Stanley Fixed Income Ventures Inc.	Delaware
Morgan Stanley BrokerTec Holdings Inc.	Delaware
Morgan Stanley Principal Investments, Inc.	Delaware
JHP Holdings, LLC	N/A
JHP Pharmaceuticals, LLC	Delaware
MHC Co-Invest Genpar	N/A
MHC Co-Invest, LP	N/A
Morgan Stanley Principal Investments Asia LLC	Delaware
MS China 2 Limited	N/A
MS China 6 Limited	N/A
MS China 8 Limited	N/A
MSPI Mauritius 1 Limited	N/A
Morgan Stanley Principal Investments Europe LLC	Delaware
Morgan Stanley Principal Investments Netherlands BV	N/A
Morgan Stanley Principal Investments North America LLC	Delaware
MS China 10 Limited	N/A
MS China 11 Limited	N/A
MS China 12 Limited	N/A
MS China 9 Limited	N/A
Stadium Capital Financing Group LLC	Delaware
Morgan Stanley Strategic Investments, Inc.	Delaware
Eaux Vives Water Bottling Corp.	N/A
Morgan Stanley Fund Services Inc.	Delaware
Morgan Stanley Fund Services (Bermuda) Ltd.	N/A
Morgan Stanley Fund Services (Cayman) Ltd.	N/A
Morgan Stanley Fund Services (Hong Kong) Limited	N/A
Morgan Stanley Fund Services (Ireland) Limited	N/A
Morgan Stanley Fund Services (UK) Limited	United Kingdom
Morgan Stanley Fund Services U.S.A LLC	Delaware
Morgan Stanley Global Emerging Markets, Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Global Funding Trust	Delaware
Morgan Stanley Hedging Co. Ltd.	N/A
Morgan Stanley International Holdings Inc.	Delaware
Archimedes Investments Cooperatieve U.A.	N/A
Morgan Stanley B.V.	N/A
European Principal Assets Limited	United Kingdom
Psylon Holding Limited	N/A
Volmar Holdings Limited	N/A
Fosbury Investments Cooperatieve U.A.	N/A
Morgan Stanley (Israel) Limited	N/A
Morgan Stanley (Thailand) Limited	N/A
Morgan Stanley AB	N/A
Morgan Stanley Advantage Services Pvt. Ltd.	N/A
Morgan Stanley Asia Holdings I Inc.	Delaware
Morgan Stanley Asia Holdings II Inc.	Delaware
Morgan Stanley Asia Holdings III Inc.	Delaware
Morgan Stanley Asia Holdings IV Inc.	Delaware
Morgan Stanley Asia Holdings VI Inc.	Delaware
Morgan Stanley Asia Pacific (Holdings) Limited	N/A
Morgan Stanley (Hong Kong) Holdings Limited	N/A
Morgan Stanley Asia Regional (Holdings) IV Limited	N/A
Morgan Stanley Hong Kong 1238 Limited	N/A
Morgan Stanley Asia Securities Products LLC	N/A
Morgan Stanley Asia (Taiwan) Ltd.	N/A
Morgan Stanley Asia Limited	N/A
Morgan Stanley Asia Products Limited	N/A
Morgan Stanley Hong Kong Futures Limited	N/A
Morgan Stanley Hong Kong Securities Limited	N/A
Morgan Stanley Swallow Limited	United Kingdom
Hampshire Trading B.V.	N/A
Lancashire Trading B.V.	N/A
Wiltshire Trading B.V.	N/A
Morgan Stanley funding Limited	N/A
Yorkshire Trading B.V.	N/A
Morgan Stanley Hong Kong 1239 Limited	N/A
Limited Liability Company Rinocenter	N/A
Morgan Stanley Information Technology (Shanghai) Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Services Pty Limited	Victoria
MSDW-JL Holdings I Limited	N/A
Morgan Stanley Bosphorus Limited	N/A
Morgan Stanley Japan (Holdings) Ltd.	N/A
City Forum Capital Limited	N/A
Morgan Stanley Asia Regional (Holdings) III LLC	N/A
Morgan Stanley (Singapore) Holdings Pte. Ltd.	N/A
Morgan Stanley Asia (Singapore) Pte.	N/A
Morgan Stanley Asia (Singapore) Securities Pte Ltd	N/A
Morgan Stanley Capital Group (Singapore) Pte.	N/A
Morgan Stanley Investment Management Company	N/A
Morgan Stanley Labuan Investment Bank Limited	N/A
Morgan Stanley Singapore Pte. Ltd.	N/A
Morgan Stanley Dean Witter Japan Group, Ltd.	N/A
MSDW-JL Holdings II Limited	N/A
Morgan Stanley Products Limited	N/A
MS Remora Ltd.	N/A
MSJL Holdings 4682 Limited	N/A
MSJL Holdings Limited	N/A
Morgan Stanley Japan Holdings Co., Ltd.	N/A
Hybrid Capital Second K.K.	N/A
Jipang Mortgage Finance Co., Ltd.	N/A
K.K. Morgan Stanley Tokyo Properties	N/A
Morgan Stanley Asset & Investment Trust Management Co., Limited	N/A
Morgan Stanley Capital Group Japan Co., Ltd.	N/A
Morgan Stanley Capital K.K.	N/A
Morgan Stanley Credit Products Japan Co., Ltd.	N/A
TM, Limited	N/A
Morgan Stanley Japan Business Group Co., Ltd.	N/A
Morgan Stanley Japan Group Co., Ltd.	N/A
Morgan Stanley MUFG Securities Co., Ltd.	N/A
Morgan Stanley PTK Co., Ltd.	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley SPG KK	N/A
MS Real Estate Advisors Co., Ltd.	N/A
Panorama Hospitality,K.K.	N/A
MS CYM Preferred Ltd.	N/A
MSJS Preferred YK	N/A
MSDW Birkdale Limited	N/A
MSDW Muirfield Limited	N/A
Morgan Stanley Asia Pacific Services Limited	United Kingdom
Morgan Stanley Asset Management S.A.	N/A
Morgan Stanley Australia Finance Pty Limited	New South Wales
Morgan Stanley (Australia) Real Estate Holdings Pty Limited	Victoria
Morgan Stanley International Real Estate Limited	Victoria
Morgan Stanley Bank AG	N/A
Morgan Stanley Business Consulting (Shanghai) Limited	N/A
Morgan Stanley Canada Limited	N/A
Morgan Stanley Capital (Luxembourg) S.A.	N/A
Morgan Stanley Capital, S.A. de C.V.	N/A
Morgan Stanley Cayman Holdings I Limited	N/A
Morgan Stanley Commodities Trading Cayman Holdings Limited	N/A
Morgan Stanley Commodities Trading Hong Kong Holdings Limited	N/A
Morgan Stanley Commodities Trading (China) Limited	N/A
Morgan Stanley Dean Witter Financial Holdings, LLC	Delaware
Morgan Stanley Hong Kong Finance Limited	N/A
Morgan Stanley Hong Kong Limited	N/A
Morgan Stanley Hong Kong Nominees Limited	N/A
Morgan Stanley Hungary Analytics Limited	N/A
Morgan Stanley International Limited	United Kingdom
Morgan Stanley Group (Europe)	United Kingdom
Advantage Home Loans Limited	United Kingdom
Bayfine UK Products	United Kingdom
Morgan Stanley (Europe) Limited	United Kingdom
Morgan Stanley Angel Limited	N/A
Suffolk Trading B.V.	N/A
V2 Music (Holdings) Limited	United Kingdom
V2 Music Publishing (Holdings) Limited (in Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Bank International Limited	United Kingdom
Morgan Stanley Bank International (China) Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Capital Group Limited	United Kingdom
Morgan Stanley Finance (C.I.) Limited	N/A
Morgan Stanley Gala Limited	N/A
Morgan Stanley Finance Limited	United Kingdom
Morgan Stanley Caballa Limited (In Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Corporate Holdings Limited (In Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Gastoro Investments Limited (In Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Pintado Investments Limited (In Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Investments (UK)	United Kingdom
Morgan Stanley Investment Management Limited	United Kingdom
Morgan Stanley Investment Management (ACD) Limited	United Kingdom
Morgan Stanley JY Holdings Limited	United Kingdom
Morgan Stanley JY Limited	United Kingdom
Morgan Stanley UK Group	United Kingdom
Morgan Stanley & Co. International plc	United Kingdom
Cabot 38 Limited	United Kingdom
Morgan Stanley (France) SAS	N/A
Morgan Stanley Dover Investments Limited (In Members' Voluntary Liquidation)	United Kingdom
Morgan Stanley Elz GmbH	N/A
Morgan Stanley Equity Finance (Denmark) ApS	N/A
Morgan Stanley Equity Financing Services (Sweden) AB	N/A
Morgan Stanley Havel GmbH	N/A
Morgan Stanley Mosel GmbH	N/A
Morgan Stanley Humboldt Investments Limited	United Kingdom
Clearcreek, S.L.	N/A
Morgan Stanley Kochi Limited	N/A
Camomile Liffey Investments (UK) Limited	N/A
Kerala Investments Limited	N/A
Morgan Stanley Adur Limited	N/A
Morgan Stanley Leitrim S.a r.l.	N/A
Morgan Stanley Kerry Limited	N/A
Morgan Stanley Richmond	N/A
Morgan Stanley Cork Limited	N/A
Morgan Stanley Malabar Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Creedy Limited	N/A
Morgan Stanley Brunton S.a r.l.	N/A
Morgan Stanley Putney	N/A
Morgan Stanley Durham Investments Limited	United Kingdom
Honeybourne Holdings Limited	N/A
Morgan Stanley Berkshire Investments Limited	N/A
Morgan Stanley Cheshire Investments Limited	N/A
Morgan Stanley Cumbria Investments	United Kingdom
Morgan Stanley Dorset Investments Limited	United Kingdom
Morgan Stanley Lowman Limited	N/A
Morgan Stanley Mildenhall S.a r.l.	N/A
Morgan Stanley Byzantine S.a r.l.	N/A
Morgan Stanley Rosetta Investments S.a r.l.	N/A
Morgan Stanley Finchley	N/A
Morgan Stanley Rasam Limited	N/A
Morgan Stanley Vindolanda Equity S.a r.l.	N/A
Newburgh Investments Limited	N/A
Morgan Stanley Langton Limited	United Kingdom
Morgan Stanley Heythorp Investments	N/A
Morgan Stanley Equity Holding (Netherlands) B.V.	N/A
Morgan Stanley Longcross Limited	United Kingdom
Morgan Stanley Bramley Investments Limited	United Kingdom
Elborough Investments LLP	United Kingdom
Morgan Stanley Cooper Investments Limited	United Kingdom
Morgan Stanley Derivative Products (Netherlands) B.V.	N/A
Drake II Investments Limited	N/A
Morgan Stanley Maple Investments Limited	United Kingdom
Wohler Investments LLP	United Kingdom
Morgan Stanley Montrose Investments Limited	United Kingdom
Morgan Stanley Foxton Limited Partnership	N/A
Morgan Stanley Mandarin Limited	United Kingdom
Bonaire Cooperatieve U.A. (In Voluntary Liquidation)	N/A
Orangewood Cooperatieve U.A. (In Voluntary Liquidation)	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Saenredam Cooperatieve U.A. (In Liquidation)	N/A
Saldanha Cooperatieve U.A. (In Liquidation)	N/A
Morgan Stanley Rivelino Investments Limited	United Kingdom
Morgan Stanley Dolor Limited	N/A
Morgan Stanley Tostao Limited	N/A
Morgan Stanley Silvermere Limited	United Kingdom
Hanger Straight Limited	N/A
Morgan Stanley Bowline Limited	United Kingdom
Morgan Stanley Penberthy Limited	United Kingdom
Morgan Stanley Fisher Investments Limited (In Members' Voluntary Liquidation)	ENG
Morgan Stanley Hampstead Limited	N/A
Morgan Stanley Lundy Investments Limited (In Members' Voluntary Liquidation)	ENG
Morgan Stanley Northcote Investments Limited	United Kingdom
Borderwijk Cooperatieve U.A.	N/A
Morgan Stanley Victoria Limited	N/A
Morgan Stanley Harlequin Investments Limited	United Kingdom
Morgan Stanley Pintail Investments Limited	United Kingdom
Shavano Cooperatieve U.A.	N/A
Morgan Stanley Shanklin Limited (in voluntary winding up)	N/A
Morgan Stanley Yarmouth Limited (in voluntary winding up)	N/A
Morgan Stanley Strategic Investments Limited	United Kingdom
Morgan Stanley Taiwan Limited	N/A
Morgan Stanley Turnberry Limited	United Kingdom
Carysforth Investments Limited	N/A
Morgan Stanley Equity Derivative Services (Luxembourg) S.a r.l	N/A
Morgan Stanley Langtree Investments B.V.	N/A
Morgan Stanley Mallard Investments Limited	United Kingdom
Morgan Stanley Millbrae Investments B.V.	N/A
Morgan Stanley Medway Limited	United Kingdom
Alverstone Investments LLP	United Kingdom
Morgan Stanley Montgomerie Investments Limited	United Kingdom
Morgan Stanley Raleigh Investments Limited	United Kingdom
Morgan Stanley Weaver S.a r.l.	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Cadzand III Limited	N/A
Morgan Stanley Oostburg B.V.	N/A
Morgan Stanley Oostburg and Partners S.e c.s.	N/A
Ramey S. a r.l.	N/A
Morgan Stanley Waterloo Limited	N/A
Moor Lane Investments Limited	N/A
Morgan Stanley Batherm Limited	N/A
Morgan Stanley Ursa S.a r.l.	N/A
Morgan Stanley Hercules S.a r.l.	N/A
Morgan Stanley Lyra S.a r.l.	N/A
Morgan Stanley Hoxne	N/A
Morgan Stanley Propus	N/A
Morgan Stanley Shannon Limited	N/A
Morgan Stanley Temple	N/A
Norwegian Energy Limited	United Kingdom
Morgan Stanley & Co. Limited	United Kingdom
East Sussex Financing Limited	N/A
Cottenden Financing Unlimited	N/A
Morgan Stanley Amalthea UK Limited	United Kingdom
Morgan Stanley Securities Limited	United Kingdom
Morstan Nominees Limited	United Kingdom
Morgan Stanley Services (UK) Limited	United Kingdom
Morgan Stanley UK Limited	United Kingdom
Morgan Stanley Pension Trustee Limited	United Kingdom
Morgan Stanley Trustee Limited	United Kingdom
OOO Morgan Stanley Bank	N/A
Morgan Stanley Strategic Funding Limited	United Kingdom
Morgan Stanley Investment Consultancy (Shanghai) Limited	N/A
Morgan Stanley Investment Management (Australia) Pty Limited	Victoria
Morgan Stanley Investment Management (Korea) Limited	N/A
Morgan Stanley Investment Management Consultancy (Shanghai) Limited	N/A
Morgan Stanley Investments (Mauritius) Limited	N/A
Morgan Stanley Japan Limited	N/A
Morgan Stanley Jubilee Investments Limited	United Kingdom
Morgan Stanley UK Financing II LP	N/A
Morgan Stanley Management Service (Shanghai) Limited	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Mauritius Company Limited	N/A
Alanoushka Finlease and Investments Private Limited	N/A
Morgan Stanley Asia Regional (Holdings) II LLC	N/A
Morgan Stanley India Capital Private Limited	N/A
Morgan Stanley India Primary Dealer Private Limited	N/A
Morgan Stanley India Securities Private Limited	N/A
Morgan Stanley India Company Private Limited	N/A
Morgan Stanley India Financial Services Private Limited	N/A
Morgan Stanley India Services Private Limited	N/A
Morgan Stanley Investment Management Private Limited	N/A
MSIM Global Support & Technology Services Pvt. Ltd.	N/A
Morgan Stanley Menkul Degerler A.S.	N/A
Morgan Stanley Middle East Inc.	Delaware
Morgan Stanley Saudi Arabia	N/A
Morgan Stanley Mortgage Servicing Limited	United Kingdom
Prime Commercial Mortgage Servicing GmbH	N/A
Morgan Stanley México, Casa de Bolsa, S.A. de C.V.	N/A
Morgan Stanley Ock	N/A
Morgan Stanley Pacific Limited	N/A
Morgan Stanley (China) Private Equity Investment Management Co., Ltd.	N/A
Morgan Stanley Investment Consultancy (Beijing) Company Limited	N/A
Morgan Stanley Pacific Services Limited	United Kingdom
Morgan Stanley Poggio Secco Limited	N/A
Alpino Investments Limited	N/A
Morgan Stanley Clare S.a r.l.	N/A
Morgan Stanley Private Equity Management Korea, Ltd.	N/A
Morgan Stanley Real Estate Investment GmbH	N/A
Morgan Stanley Reinsurance Ltd.	N/A
Morgan Stanley San Donato S.a r.l.	N/A
Morgan Stanley Syrah Two Limited	N/A
Morgan Stanley Donegan Limited	N/A
Morgan Stanley SGR S.p.A.	N/A
Morgan Stanley South Africa (Proprietary) Limited	N/A
Morgan Stanley Spanish Holdings S.L.	N/A
Morgan Stanley S.V., S.A.U.	N/A
Morgan Stanley Trading Beteiligungs-GmbH	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Ukraine LLC	N/A
MS Avondale 1 B.V.	N/A
MS Avondale 2 B.V.	N/A
MS China 16 Limited	N/A
MS Equity Financing Services (Luxembourg) S.a.r.l.	N/A
Morgan Stanley Cadzand II	N/A
Morgan Stanley Knightsbridge	N/A
Morgan Stanley Norton Investments Limited	United Kingdom
MS Gamma Holdings LLC	Delaware
Cabot 37 Limited (in members' voluntary liquidation)	United Kingdom
Cabot 34 Limited (in members' voluntary liquidation)	United Kingdom
Cabot 35 Limited (in members' voluntary liquidation)	United Kingdom
MSAM/Kokusai (Cayman Islands), Inc.	N/A
MSAM/Kokusai II (Cayman Islands), Inc.	N/A
MSDW Finance (Netherlands) B.V.	N/A
MSDW Investment Holdings (U.S.) Inc.	Delaware
Morgan Stanley UK Trader	United Kingdom
Morgan Stanley Corporate Trader	United Kingdom
Morgan Stanley Equity Trader	United Kingdom
Morgan Stanley Financial Trader	United Kingdom
Morgan Stanley Weser GmbH	N/A
MSDW Investment Holdings (UK) Limited	United Kingdom
Cabot 1 Limited	United Kingdom
Applied Risc Technologies Limited (in liquidation)	United Kingdom
Cornwall Financing UK Limited	N/A
Morgan Stanley Cornwall Investments UK Limited	N/A
Morgan Stanley Investment Holdings Jersey Limited	N/A
Norfolk Trading B.V.	N/A
Morgan Stanley Sandpiper Limited	United Kingdom
Morgan Stanley Starling Limited	United Kingdom
MSDW Investments (Cayman) Limited	N/A
MSL Incorporated	Delaware
Morgan Stanley SPV I (Cayman Islands) LLC	N/A
Providence Canada Co.	N/A
PT Morgan Stanley Asia Indonesia	N/A
PT Morgan Stanley Indonesia	N/A
Morgan Stanley International Incorporated	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley (Australia) Holdings Pty Limited	New South Wales
Morgan Stanley (Australia) Securities Holdings Pty Limited	Victoria
Morgan Stanley Australia Securities Limited	New South Wales
Morgan Stanley Australia Securities (Nominee) Pty Limited	New South Wales
Morgan Stanley Asia Holdings V Inc.	Delaware
Morgan Stanley Australia Limited	New South Wales
Morgan Stanley International Finance S. A.	N/A
Morgan Stanley Capital Holdings	United Kingdom
Morgan Stanley UK Financing I LP	N/A
Morgan Stanley International Insurance Ltd.	N/A
Peconic Indemnity Company	Arizona
Morgan Stanley Latin America Incorporated	Delaware
Banco Morgan Stanley S.A.	N/A
Morgan Stanley Administradora de Carteiras S.A.	N/A
Morgan Stanley Corretora de Títulos e Valores Mobiliários S.A.	N/A
Morgan Stanley do Brasil Participações e Serviços Ltda.	N/A
Morgan Stanley Uruguay Ltda.	N/A
Morgan Stanley UK Capital Limited	United Kingdom
MSDWIH Limited	N/A
Cabot 2 Limited	United Kingdom
Morgan Stanley Investment Management Inc.	Delaware
Morgan Stanley AIP Funding Inc.	Delaware
Morgan Stanley GSOF II GP LP	Delaware
Morgan Stanley Alternative Investments LLC	Delaware
Flint Capital Partners GP LP	Delaware
Flint Capital Partners SLP Ltd.	N/A
GTB Capital Partners GP LP	Delaware
Morgan Stanley AIP (Cayman) GP Ltd.	N/A
Morgan Stanley CHFS (International) GP Limited	N/A
Morgan Stanley AIP Falconer 2010 GP LP	Delaware
Morgan Stanley AIP GP LP	Delaware
Morgan Stanley Alternative Investment Partners LP	Delaware
Morgan Stanley AIP Phoenix 2009 GP LP	Delaware
Morgan Stanley EPMF I GP LP	Delaware
Morgan Stanley GDOF GP LP	Delaware
Morgan Stanley GDOF II GP LP	Delaware
Morgan Stanley GSOF GP LP	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley GSOF SLP Ltd.	N/A
Morgan Stanley PMF III GP LP	Delaware
Morgan Stanley PMF IV GP LP	Delaware
Morgan Stanley PMF IV SLP Ltd.	N/A
Morgan Stanley PMF V GP LP	Delaware
Morgan Stanley PMF V SLP Ltd.	N/A
Morgan Stanley SCRSIC Strategic Partnership Fund GP Inc.	Delaware
Morgan Stanley Distribution, Inc	PA
Morgan Stanley Services Company Inc.	Delaware
Morgan Stanley Leveraged Equity Fund II, Inc.	Delaware
Morgan Stanley Private Equity Asia (Cayman) Limited	N/A
Morgan Stanley Private Equity Asia Limited	N/A
Morgan Stanley Private Equity Advisory (Beijing) Limited	N/A
Morgan Stanley Leveraged Equity Holdings Inc.	Delaware
Morgan Stanley Life Holding Incorporated	Delaware
Longevity Insurance Company	Texas
Morgan Stanley Mayak Limited	N/A
Morgan Stanley Mortgage Capital Holdings LLC	New York
Morgan Stanley Asset Capital Inc.	Delaware
Morgan Stanley Residential Mortgage Inc.	Delaware
MSSHG I Ltd	N/A
Saxon Capital, Inc.	Maryland
Saxon Capital Holdings, Inc.	Delaware
SCI Services, Inc.	Virginia
Saxon Mortgage Services, Inc.	Texas
Saxon Mortgage, Inc.	Virginia
Saxon Funding Management LLC	Delaware
Saxon Asset Securities Company	Virginia
Saxon Securitized Assets LLC	Delaware
Morgan Stanley Municipal Funding Inc.	Delaware
Morgan Stanley Overseas Finance Ltd.	N/A
Morgan Stanley Overseas Services (Jersey) Limited	N/A
Morgan Stanley Preferred Strategies Inc.	Delaware
Morgan Stanley Principal Funding, Inc.	Delaware
Morgan Stanley (Hungary) Financial Services Limited Liability Company	N/A
SPV Columbus Srl	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Principal Strategies, Inc.	Delaware
Morgan Stanley Private Equity Asia, Inc.	Delaware
Morgan Stanley Real Estate Advisor, Inc.	Delaware
MSREA Holdings, Inc.	Delaware
MSREA Holdings, LLC	Delaware
MSREA LL Holdings, LLC	Delaware
Morgan Stanley Real Estate F Funding, Inc.	Delaware
Morgan Stanley Real Estate F Funding Partner, Inc.	Delaware
Morgan Stanley Real Estate F International Funding, L.P.	Delaware
Morgan Stanley Real Estate Funding II, Inc.	Delaware
Morgan Stanley Real Estate Funding II, L.P.	Delaware
MS Moon Holdings LLC	Delaware
Crescent Real Estate Capital GP, LLC	Delaware
Crescent Real Estate Capital, L.P.	Delaware
One Village Place LLC	Delaware
DBFLA Services LLC	Delaware
Morgan Stanley Real Estate Investment Management II, Inc.	Delaware
MSREF II-CO, L.L.C.	Delaware
Morgan Stanley Real Estate Investment Management Inc.	Delaware
Morgan Stanley Real Estate Fund, Inc.	Delaware
MSREF I, L.L.C.	Delaware
Morgan Stanley Realty Incorporated	Delaware
BH-MS Realty Inc.	Delaware
Brooks Harvey & Co., Inc.	Delaware
Dean Witter Global Realty Inc.	Delaware
Japan Realty Finance Company II	N/A
Morgan Stanley Properties, Inc.	Delaware
Morgan Stanley Capital (Real Estate) Pte. Ltd.	N/A
Morgan Stanley Capital Ltd.	N/A
Morgan Stanley Properties (Mauritius) India	N/A
Morgan Stanley Properties India Real Estate Management Private Limited	N/A
Morgan Stanley Properties Corso Venezia Srl	N/A
Morgan Stanley Properties France SAS	N/A
Morgan Stanley Properties Germany GmbH	N/A
Morgan Stanley Properties Hong Kong Limited	N/A
MSP China Holdings Limited	N/A
Morgan Stanley Properties (China) Co., Ltd	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Properties Advisory Corp. Limited	N/A
Beijing Kaili Assets Servicing Co., Ltd	N/A
Shanghai Pinnacle Property Management Company Ltd.	N/A
Panorama Hospitality Global, Inc.	Delaware
Panorama Hospitality Limited	United Kingdom
MS Japan REIT Holding KK	N/A
Tokyo Realty Investment Company II	N/A
Japan Realty Holding Company II	N/A
Morgan Stanley Renewables Inc.	Delaware
Morgan Stanley Biomass LLC	Delaware
Morgan Stanley BrightSource LLC	Delaware
Solar Partners I, LLC	Delaware
Morgan Stanley Geothermal LLC	Delaware
Morgan Stanley Renewable Development Fund LLC	Delaware
Third Planet Windpower, LLC	Delaware
MS Greenrock LLC	Delaware
Carson Solar I LLC	Delaware
MS Greenrock Holdings Inc.	Delaware
MS Solar I LLC	Delaware
MF Mesa Lane LLC	Delaware
MS SolarCity LLC	Delaware
Solar Star California III, LLC	Delaware
Solar Star California IX, LLC	Delaware
Solar Star California V, LLC	Delaware
Solar Star California VI, LLC	Delaware
Solar Star WMT I, LLC	Delaware
MS Wind II LLC	Delaware
A4 Wind 1 LLC	Delaware
A4 Wind 2 LLC	Delaware
Morgan Stanley Risk Services LLC	Delaware
Morgan Stanley SECAP Funding, LLC	Delaware
Morgan Stanley Secured Financing LLC	Delaware
Morgan Stanley Securitization Funding Inc.	Delaware
Morgan Stanley Senior Funding, Inc.	Delaware
Inversiones Sudamerica Uno Ltda	N/A
Morgan Stanley European Funding, Inc.	Delaware
Morgan Stanley European Leveraged Products, Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley MSSF LLC	Delaware
Morgan Stanley Senior Funding (Capital), Inc.	Delaware
Morgan Stanley Senior Funding (Nova Scotia) Co.	N/A
MSSFG (SPV-AMC), Inc.	N/A
Tenedora Dalia, S.A. de C.V.	N/A
Ventura Holdings, Inc.	Delaware
MS PA Gaming Holdings, Inc.	Delaware
Ventura Holdings NJ, Inc.	Delaware
Ventura AC LLC	NJ
Ventura Property Management, LLC	Delaware
Ventura Ohio, LLC	Delaware
Ventura Utah, LLC	Delaware
Ventura Opportunities, LLC	Delaware
Morgan Stanley Services Canada Holdings Corp.	Delaware
Morgan Stanley Services Canada Corp.	Nova Scotia
Morgan Stanley Services Inc.	Delaware
Morgan Stanley Special Situations Group Inc.	Delaware
Morgan Stanley Stingray LLC	Delaware
Morgan Stanley Syrah One Limited	N/A
Morgan Stanley Tower, LLC	Delaware
MS Financing Inc.	Delaware
Broadway 522 Fifth JV LLC	Delaware
GHY Capital II B.V.	N/A
Morgan Stanley 1585 Broadway LLC	Delaware
Morgan Stanley 750 Building Corp.	Delaware
Morgan Stanley CS Aviation Holdings, LLC	Delaware
MS Beta Holdings LLC	Delaware
MS Harrison LLC	Delaware
MSDW LTCP, L.L.C.	Delaware
Morgan Stanley Venture Capital III, Inc.	Delaware
Morgan Stanley Wind LLC	Delaware
Morstan Development Company, Inc.	Delaware
MR Ventures Inc.	Delaware
MS 10020, Inc.	Delaware
MS Debt Opportunities Corp.	Delaware
MS Hawk I LLC	Delaware
MS Holdings Incorporated	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
ARS FIHF GP Inc.	Delaware
ARS GMEMN GP Inc.	Delaware
Morgan Stanley ARS Funding Inc.	Delaware
Morgan Stanley Hedge Fund Partners Cayman Ltd.	N/A
Morgan Stanley Hedge Fund Partners LP	Delaware
Morgan Stanley HFP Investment Inc	Delaware
Morgan Stanley IMDCP Funding, LLC	Delaware
Morgan Stanley Infrastructure Holdings Inc.	Delaware
Morgan Stanley Infrastructure Inc.	Delaware
Morgan Stanley Infrastructure GP LP	Delaware
Morgan Stanley Infrastructure SLP, LLC	Delaware
Morgan Stanley Infrastructure SLP, L.P.	N/A
MSIP Agatha Co-Investment GP Limited	N/A
Morgan Stanley Infrastructure MEA Fund Inc.	Delaware
Morgan Stanley Merchant Banking Insurance Holdings, LLC	Delaware
Morgan Stanley Merchant Banking Insurance Company	Vermont
Morgan Stanley Private Equity Asia III, Inc.	Delaware
Morgan Stanley Private Equity Asia III, L.L.C.	Delaware
Morgan Stanley Real Estate Securities Global Best Ideas GP Inc.	Delaware
MS Alternatives Funding, Inc.	Delaware
Morgan Stanley Capital Partners V Funding LP	Delaware
MS Alternatives Funding Partner, Inc.	Delaware
MS Alternatives Holding C Inc.	Delaware
MS Alternatives Holding C (Cayman) Ltd.	N/A
MS Alternatives Holding D Inc.	Delaware
MS ARS Holding A Inc.	Delaware
MS ARS Holding B Inc.	Delaware
MS Capital Partners Advisor Inc.	Delaware
MS Credit Partners GP Inc.	Delaware
MS Credit Partners GP L.P.	Delaware
MS Credit Partners Holdings Inc.	Delaware
MS Expansion Capital GP Inc.	Delaware
MS Expansion Capital GP LP	Delaware
MSCP V GP Inc.	Delaware
MS Capital Partners V GP L.P.	N/A
MS Capital Partners V LP	Delaware
MSGFI Management Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
MSIM GP Inc.	Delaware
Private Investment Partners Inc.	Delaware
Private Investment Partners GP Inc.	Delaware
TAM Investment Holdings Inc.	Delaware
MS Lion LLC	Delaware
Morgan Stanley Beta Investments Limited	United Kingdom
Morgan Stanley Gamma Investments	United Kingdom
Morgan Stanley Portland Investments Limited	United Kingdom
MS Low Income Housing Corporation	Delaware
Conchita I LLC	Delaware
Guanaco I LLC	Delaware
Mombacho I LLC	Delaware
MS Guaranteed Tax Credit Fund XVI, LLC	Delaware
MS Guaranteed Tax Credit Fund XXIII, LLC	Delaware
Morgan Stanley New Markets, Inc.	Delaware
MS New Markets I LLC	Delaware
MS New Markets II LLC	Delaware
MS New Markets III LLC	Delaware
MS New Markets IV LLC	Delaware
MS New Markets IX LLC	Delaware
MS New Markets VIII LLC	Delaware
MS New Markets X LLC	Delaware
MS CTH MHP II LLC	Delaware
MS CTH SLP Operating LLC	Delaware
MS CTH Special General Partner II LLC	Delaware
MS Georgia Tax Credit Fund III LLC	Delaware
MS LIHTC FCG II LLC	Delaware
MS LIHTC FCG LLC	New York
MS LIHTC FCG Fund I LLC	Delaware
Paquia LLC	Delaware
Pietra I LLC	Delaware
Pietra II LLC	Delaware
Pietra III LLC	Delaware
Pinol II LLC	Delaware
Pinol V LLC	Delaware
BMC NAB Trust Investment Fund LLC	Delaware
HIGC Investment Fund LLC	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
PSFG Funding LLC	Delaware
Viento LLC	Delaware
Warepool 9A LLC	Delaware
Wiwili I LLC	Delaware
Wiwili II LLC	Delaware
Wiwili III LLC	Delaware
Wiwili VI LLC	Delaware
MS Low Income Housing II Corporation	Delaware
Morgan Stanley Kashi LLC	Delaware
MS LIHTC FCG INT LLC	Delaware
MS Taishan Inc.	Delaware
Vicuna I LLC	Delaware
Vicuna II LLC	Delaware
Vicuna III LLC	Delaware
Warepool 1A LLC	Delaware
Warepool 3A LLC	Delaware
Warepool 4A LLC	Delaware
Warepool 5A LLC	Delaware
Warepool 7A LLC	Delaware
Warepool 8A LLC	Delaware
MS Low Income Housing III Corporation	Delaware
Warepool SLP LLC	Delaware
MS Pegau LLC	Delaware
Millport Holdings LLC	Delaware
Millport I LLC	Delaware
Elderslie Holdings Limited	N/A
Elderslie Limited	N/A
Esporta Holdings Limited	N/A
Esporta Limited	N/A
Morgan Stanley Eden Investments Limited	United Kingdom
Morgan Stanley UK Financing III LP	N/A
Littlehill (U.S.) LLC	Delaware
Ravelston LLC	Delaware
Shuksan LLC	Delaware
Morgan Stanley Eder S.a r.l.	N/A
MS Revel EFS LLC	Delaware
Morgan Stanley Securities, Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
MS Equity Products (Luxembourg) S.a.r.l.	N/A
Morgan Stanley Foreign Complex Trust	Delaware
MS Rosebank LLC	Delaware
Morgan Stanley Prosen Limited	N/A
Morgan Stanley Limpopo LLC	Delaware
Morgan Stanley Breede Inc.	Delaware
Morgan Stanley Vaal LLC	Delaware
Clova Investments LP	Delaware
Morgan Stanley Lomati LLC	Delaware
Morgan Stanley Strand Limited	N/A
Cornelia Limited	N/A
Lindley S.a r.l.	N/A
Linksfeld S.a r.l.	N/A
Seapoint Investments (Proprietary) Limited	N/A
MS Douglasdale Limited	N/A
Bondi Limited	N/A
MS Melville LLC	Delaware
MS Dainfern LLC	Delaware
MS Greenside LLC	Delaware
MS Houghton LLC	Delaware
Sandhurst Partnership	Delaware
MS Sandhurst FX LLC	Delaware
MS Structured Asset Corp.	Delaware
MS Technology Holdings, Inc.	Delaware
MS Venture Capital Holding Inc.	Delaware
MSAM Holdings II, Inc.	Delaware
MSCP III Holdings, Inc.	Delaware
Morgan Stanley Proprietary Trading Co. (Cayman) Limited	N/A
MSDW Capital Partners IV, Inc.	Delaware
MSDW CPIV Holdings, Inc.	Delaware
MSDW EFS Holdings Inc.	Delaware
MSDW Emerging Equity, Inc.	Delaware
MSDW International Employee Services LLC	Delaware
MSDW Nederland BV	N/A
MSDW Offshore Equity Services Inc.	Delaware
FUNDLOGIC SAS	N/A
Morgan Stanley Alzette S.a.r.l.	N/A

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Equity Holdings (Ireland)	N/A
Morgan Stanley (NSW) Pty Limited	Victoria
Morgan Stanley Corporate Holdings (Ireland)	N/A
Morgan Stanley Luxembourg Equity Holdings S.a.r.l.	N/A
Morgan Stanley Derivative Products (Luxembourg) Sarl	N/A
Morgan Stanley Finance (Gibraltar) Limited	N/A
Morgan Stanley Kadarka Limited	N/A
Morgan Stanley Derivative Products Spain S.L.	N/A
Morgan Stanley Derivative Products (Singapore) Pte. Ltd.	N/A
Morgan Stanley Equity Trading (Singapore) Pte. Ltd.	N/A
Morgan Stanley Equity Finance (Malta) Limited	N/A
Morgan Stanley Equity Trading GP Limited	N/A
Morgan Stanley Luxembourg Equity Trading (Jersey) L.P.	N/A
Morgan Stanley Grund S.a.r.L	N/A
Morgan Stanley Derivative Products (Portugal), Unipessoal LDA	N/A
Morgan Stanley Equity Investments (UK) Limited	N/A
Morgan Stanley Equity Trading (DIFC) Limited	N/A
Morgan Stanley Euro Financing (Luxembourg)	N/A
Morgan Stanley Warta GmbH	N/A
Morgan Stanley Moselle S.a.r.l	N/A
Morgan Stanley Wiltz S.a.r.l.	N/A
Morgan Stanley Deshka LLC	Delaware
Morgan Stanley Chandra LLC	Delaware
Morgan Stanley Mayall LLC	Delaware
Morgan Stanley Equity Financing Services Ireland Limited (in Liquidation)	N/A
Morgan Stanley GFD Hedge Holdings II Limited	N/A
Morgan Stanley GFD Hedge Holdings Limited	N/A
Morgan Stanley GFD Proprietary Holdings Limited	N/A
Morgan Stanley Global Fund Derivative Hedge Holdings Luxembourg S.A.	N/A
MS Equity Finance Services I (Cayman) Ltd.	N/A
MSDW OIP Investors, Inc.	Delaware
MSDW PE/VC Holdings, Inc.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
MSDW Real Estate Special Situations II, Inc.	Delaware
MSDW Real Estate Special Situations II Holdings, L.L.C.	Delaware
MSDW Real Estate Special Situations II Partner, L.L.C.	Delaware
MSDW Real Estate Special Situations II Manager, L.L.C.	Delaware
MSDW Real Estate Special Situations II-A Manager, L.L.C.	Delaware
MSDW Real Estate Special Situations II-B Manager, L.L.C.	Delaware
MSDW Real Estate Special Situations II-C Manager, L.L.C.	Delaware
MSDW Real Estate Special Situations II-A Dutch Manager B.V.	N/A
MSDW Real Estate Special Situations II-B Dutch Manager B.V.	N/A
MSDW Real Estate Special Situations II-C Dutch Manager B.V.	N/A
MSRESS II GP Co-Investment Ltd.	N/A
MSDW Strategic Ventures Inc.	Delaware
MSDW Venture Partners IV, Inc.	Delaware
MSDW VP IV Holdings, Inc.	Delaware
MSEOF, Inc.	Delaware
MSEOF Management, LLC	Delaware
MSEOF Manager S.a.r.l.	N/A
MSIT Holdings, Inc.	Delaware
MSPEA Holdings, Inc.	Delaware
MSRE Mezzanine, Inc.	Delaware
MSRE Mezzanine, LLC	Delaware
MSRE Mezzanine-GP, LLC	Delaware
MSREF II, Inc.	Delaware
MSREF II, L.L.C.	Delaware
MSREF III, Inc.	Delaware
MSREF III, L.L.C.	Delaware
MSREF IV, Inc.	Delaware
MSREF IV, L.L.C.	Delaware
MSREF IV Domestic-GP, L.L.C.	Delaware
MSREF IV Domestic-LP, L.L.C.	Delaware
MSREF IV International-GP, L.L.C.	Delaware
MSREF IV International-LP, L.L.C.	Delaware
MSREF Real Estate Advisor, Inc.	Delaware
MSREF VI, Inc.	Delaware
MSREF VI International-LP, L.L.C.	Delaware
MSREF VI, L.L.C.	Delaware
MSREF VI International-GP, L.L.C.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Real Estate Fund VI International-T, L.P.	Delaware
Morgan Stanley Real Estate Fund VI International- TE, L.P.	Delaware
Morgan Stanley Real Estate Fund VI Special-A International, L.P.	Delaware
Morgan Stanley Real Estate Fund VI Special-B International, L.P.	Delaware
Morgan Stanley Real Estate Investors VI International, L.P.	Delaware
MSREI Post Co-Investment GP, L.L.C.	Delaware
MSREF VII, Inc.	Delaware
MSREF VII Global (Cayman), L.L.C.	Delaware
MSREF VII Global (Cayman), Ltd.	N/A
MSREF VII Global (U.S.), L.L.C.	Delaware
MSREF VII Global-GP (U.S.), L.L.C.	Delaware
MSREF VII Global, L.L.C.	Delaware
MSREF VII Global, L.P.	Alberta
MSREF VII Global-GP Pushkin, L.P.	Alberta
MSREF VII Global-GP, L.P.	Alberta
MSREF VII Global-GP Holding (Cayman), L.L.C.	Delaware
MSREF VII Global (Cayman), L.P.	N/A
MSREF VII Global-GP (Cayman), L.P.	N/A
MSREF VII Global-L.P., L.L.C.	Delaware
MSREF V Funding, Inc.	Delaware
MSREF V Funding Partner, Inc.	Delaware
MSREF V International Funding, L.P.	Delaware
MSREF V, Inc.	Delaware
MSREF V, L.L.C.	Delaware
MSREF V International-GP, L.L.C.	Delaware
MSREF V International-LP, L.L.C.	Delaware
MSREF V U.S.-GP, L.L.C.	Delaware
Morgan Stanley Real Estate Fund V Special U.S., L.P.	Delaware
Morgan Stanley Real Estate Fund V U.S., L.P.	Delaware
Morgan Stanley Real Estate Investors V U.S., L.P.	Delaware
MSP Co-Investment Partnership V, L.P.	Delaware
MSP Co-Investment Partnership V-A, L.P.	Delaware
MSP Real Estate Fund V, L.P.	Delaware
MSREF V U.S.-LP, L.L.C.	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
MSREI Holding, Inc.	Delaware
MSRESS III, Inc.	Delaware
Morgan Stanley Real Estate Special Situations III-LP, L.L.C.	Delaware
MSRESS III Manager, L.L.C.	Delaware
Morgan Stanley Real Estate Special Situations III-GP, L.L.C.	Delaware
MSRESS III Monroe GP, L.L.C.	Delaware
MSRESS III Opportunities Fund - GP, L.L.C.	Delaware
MSUH Holdings I, Inc.	Delaware
MSUH Holdings II, Inc.	Delaware
MS SP Urban Horizons, Inc.	Delaware
MS Urban Horizons, Inc.	Delaware
MSVP 2002 Holdings, Inc.	Delaware
MSVP 2002, Inc.	Delaware
Musum I LLC	Delaware
Musum II LLC	Delaware
Pettingell LLC	Delaware
PDT Partners, LLC	Delaware
PG Holdings, Inc.	Delaware
PG Investors II, Inc.	Delaware
Providence DE Holdings Co.	Delaware
Strategic Investments I, Inc.	Delaware
MS Strategic (Mauritius) Limited	N/A
Strategic Investments II, Inc.	Delaware
Sycamore II, Inc.	Delaware
Tooele Power, Inc.	Delaware
Wiwili V LLC	Delaware
Morgan Stanley Luxembourg Financing II S.a r.l	N/A
Morgan Stanley Luxembourg Financing I S.a r.l	N/A
Vicuna IV LLC	Delaware
Morgan Stanley Spad Investments S.a.r.l.	N/A
Morgan Stanley Morane Investments S.a r.l.	N/A
Morgan Stanley Curtiss Investments S.a r.l.	N/A

**PRINCIPAL EXECUTIVE OFFICES OF
MORGAN STANLEY**

1585 Broadway
New York, New York 10036
U.S.A.
Tel: +1 (212) 761 4000

**REGISTERED OFFICE OF MORGAN
STANLEY IN DELAWARE**

The Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
U.S.A.

REGISTERED OFFICE OF MORGAN STANLEY & CO. INTERNATIONAL PLC

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

REGISTERED OFFICE OF MORGAN STANLEY (JERSEY) LIMITED

22 Grenville Street
St. Helier
Jersey
JE4 8PX
Channel Islands
Tel: +44 (0) 1534 609000

REGISTERED OFFICE OF MORGAN STANLEY B.V.

Luna Arena
Herikenberweg 238
1101 CM Amsterdam Zuidoost
The Netherlands
Tel: +31 20 57 55 600

**LEGAL ADVISORS TO MORGAN STANLEY, MORGAN STANLEY & CO.
INTERNATIONAL PLC, MORGAN STANLEY (JERSEY) LIMITED
AND MORGAN STANLEY B.V.**

As to English law:
Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London E14 5JJ
United Kingdom

As to U.S. law:
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
U.S.A.

As to Jersey law:
Mourant Ozannes
6th Floor, 125 Old Broad Street
London EC2N 1AR
United Kingdom

As to Dutch law:
Freshfields Bruckhaus Deringer LLP
Strawinskylaan 10
1077 XZ Amsterdam
PO Box 75299
1070 AG Amsterdam
The Netherlands

AUDITORS OF MORGAN STANLEY

Deloitte & Touche LLP
Two World Financial Center
New York, New York 10281
U.S.A.

AUDITORS OF MORGAN STANLEY & CO. INTERNATIONAL PLC

Deloitte LLP
2 New Street Square
London EC4A 3BZ
United Kingdom

AUDITORS OF MORGAN STANLEY (JERSEY) LIMITED

Deloitte LLP
Lord Coutanche house
66-68 Esplanade
St Helier
Jersey
JE4 8WA

AUDITORS OF MORGAN STANLEY B.V.

Deloitte Accountants B.V.
Orlyplein 10,
1043 DP Amsterdam,
P.O. Box 58110,
1040 HC Amsterdam,
The Netherlands