

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 (as amended and supplemented from time to time and 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.

The Morgan Stanley registration document (the "**Morgan Stanley Registration Document**") will comprise this registration document with the exception of (A) Items 10-15 in the section entitled "Information Incorporated by Reference" set out at pages 17-19; and (B) Sections entitled "Description of Morgan Stanley & Co. International plc" at pages 57-61; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 62-64; "Description of Morgan Stanley (Jersey) Limited" at pages 65-67; and "Description of Morgan Stanley B.V." at pages 68-70 hereto.

The MSI plc registration document (the "**MSI plc Registration Document**") will comprise this registration document with the exception of (A) Items 1-9 and Items 12-15 in the section entitled "Information Incorporated by Reference" set out at pages 17-19; and (C) Sections entitled "Description of Morgan Stanley" at pages 22-50; "Selected Financial Information of Morgan Stanley" at pages 51-56; "Description of Morgan Stanley (Jersey) Limited" at pages 65-67; "Description of Morgan Stanley B.V." at pages 68-70; and "Subsidiaries of Morgan Stanley" at pages 71-99 hereto.

The Morgan Stanley Jersey registration document (the "**Morgan Stanley Jersey Registration Document**") will comprise this registration document with the exception of (A) Items 1-11 and Items 14-15 in the section entitled "Information Incorporated by Reference" set out at pages 17-19; and (B) Sections entitled "Description of Morgan Stanley" at pages 22-50; "Selected Financial Information of Morgan Stanley" at pages 51-56; "Description of Morgan Stanley & Co. International plc" at pages 57-61; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 62-64; "Description of Morgan Stanley B.V." at pages 68-70 and "Subsidiaries of Morgan Stanley" at pages 71-99 hereto.

The MSBV registration document (the "MSBV Registration Document") will comprise this registration document with the exception of (A) Items 1-13 in the section entitled "Information Incorporated by Reference" set out at pages 17-19; and (B) Sections entitled "Description of Morgan Stanley" at pages 22-50; "Selected Financial Information of Morgan Stanley" at pages 51-56; "Description of Morgan Stanley & Co. International plc" at pages 57-61; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 62-64;"Description of Morgan Stanley (Jersey) Limited" at pages 65-67; and "Subsidiaries of Morgan Stanley" at pages 71-99 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

10 June 2011

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 "EUR", "Euro" and "€" refer to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

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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.

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 substantially affected negatively 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, 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.

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. In addition, Morgan Stanley may be required to pledge additional collateral to certain exchanges and clearing organizations in the event of a credit ratings downgrade. The rating agencies are considering the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act's (the "**Dodd-Frank Act**") resolution authority provisions on large banking institutions and it is possible that they could downgrade Morgan Stanley's ratings and those of similar institutions.

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 during the past three years, with volatility reaching unprecedented levels in the Fall of 2008 and into 2009. 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. and international markets and economy 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 the risk that a change in the level of one or more market prices of commodities or securities, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as liquidity, will result in losses for a position or portfolio.

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 investments; the impact of current, pending and future legislation (including the Dodd-Frank Act), regulation (including capital requirements), and legal actions in the U.S. and worldwide; the level and volatility of equity, fixed income and commodity prices and 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.); Morgan Stanley's reputation; inflation, natural disasters, and acts of war or terrorism; the actions and initiatives of current and potential competitors 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 further writedowns 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 require Morgan Stanley to take further writedowns in the value of its 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. Severe market events have historically been difficult to predict, however, and Morgan Stanley could realize significant losses if unprecedented extreme market events were to occur, such as conditions in the global financial markets and global economy that prevailed from 2008 into 2009.

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, proprietary trading, 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. 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.

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.

Defaults 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, 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 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 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 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, or 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.

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. 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, 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 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 new activities limitations, to a systemic risk regime which will impose especially high capital and liquidity requirements, and to comprehensive new derivatives regulation. Additional restrictions on its activities would result if it were to no longer meet certain capital or management requirements at the financial holding company level. Certain portions of the Dodd-Frank Act were effective immediately, while other portions will be effective only following 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.

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 may 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 has a noncontrolling 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 and results of operations may be adversely affected by these events.

Under the Bank Holding Company Act of 1956, as amended (the "**BHC Act**"), there is 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 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, which would terminate in all events on the fifth anniversary of Morgan Stanley's becoming a bank holding company.

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 EU 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 managing 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. 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 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 competitors gaining greater capital and other resources, such as 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 stock 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, or employee compensation may be made subject to special taxation, as has already been done in some jurisdictions including the U.K. and France, 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, 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 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 its 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 pandemic or other widespread health emergency, or concerns over the possibility of such an emergency as well as terrorist acts 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 multinational 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 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 Mitsubishi UFJ Financial Group, Inc.), 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. In addition, conflicts or disagreements between Morgan Stanley and its joint venture partners may negatively impact the benefits to be achieved by the joint venture. 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. The obligations of Morgan Stanley Jersey and MSBV pursuant to such transactions are guaranteed by Morgan Stanley. 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 could be impaired, thereby exposing holders of securities issued by Morgan Stanley Jersey or MSBV to a risk of loss.

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 (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 the Group's business activity and is managed by the 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. The 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 21 March 2011	Whole document	
2. Current Report on Form 8-K dated 24 March 2011	Whole document	
3. Current Report on Form 8-K dated 21 April 2011 (relating to items 2.02 and 9.01)	Whole document	
4. Current Report on Form 8-K dated 21 April 2011 (relating to items 1.01, 3.02 and 9.01)	Whole document	
5. Current Report on Form 8-K dated 18 May 2011	Whole document	
6. Proxy Statement dated 14 April 2011	Whole document	
7. Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011	Whole document	-
8. 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	122-123
	(4) Consolidated Statements of Cash Flow	124
	(5) Consolidated Statements of Changes in Total Equity	125-126
	(6) Notes to the Consolidated Financial Statements	127-251
9. Annual Report on Form 10-K for the year ended 31 December 2009	(1) Report of Independent Registered Public Accounting Firm	112
	(2) Consolidated Statements of Financial Condition	113-114
	(3) Consolidated Statements of Income	115
	(4) Consolidated Statements of Comprehensive Income	116
	(5) Consolidated Statements of Cash Flow	117
	(6) Consolidated Statements of Changes in Total Equity	118-119
	(7) Notes to the Consolidated Financial Statements	120-229

Morgan Stanley & Co. International plc

10. Report and Financial Statements for the period 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
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	(7)	Notes to the consolidated financial statements	17-85
	(8)	MSI plc balance sheet	86
	(9)	Notes to MSI plc financial statements	87-108
11. Report and Financial Statements for the period ended 31 December 2009	(10)	Independent auditor's report	7-8
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	(12)	Consolidated Statement of comprehensive income	10
	(13)	Consolidated Statement of changes in equity	11
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Morgan Stanley (Jersey) Limited

12. Annual Report for the year ended 31 December 2010	(1)	Independent Auditors' Report	7
	(2)	Statement of Comprehensive Income	8
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	(4)	Statement of Financial Position	10
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13. Annual Report for the year ended 31 December 2009	(7)	Independent Auditors' Report	5
	(8)	Statement of Comprehensive Income	6
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Morgan Stanley B.V.			
14. Annual Report for the year ended 31 December 2010	(1)	Independent Auditors' Report	45-46
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15. Annual Report for the financial period ended 31 December 2009	(8)	Independent Auditors' Report	34-37
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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 7 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 62 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011. Standard & Poor's Financial Services LLC is not incorporated in the European Union and application has been made for its ratings to be endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency which has applied to be registered under the Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Moody's Investors Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH., both rating agencies incorporated in the European Union which have applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In relation to item 7 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 page 110 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011.

Dominion Bond Rating Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Dominion Bond Rating Service Ratings Limited, a rating agency incorporated in the European Union, which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Fitch, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Fitch Ratings Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Moody's Investors Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH., both rating agencies incorporated in the European Union which have applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

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

Standard & Poor's Financial Services LLC is not incorporated in the European Union and application has been made for its ratings to be endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In relation to item 7 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

110 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011.

Fitch, Inc. is not incorporated in the European Union and has not applied to be registered under the CRA Regulation. However, application has been made for its ratings to be endorsed by Fitch Ratings Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Moody's Investors Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH., both rating agencies incorporated in the European Union which have applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

Standard & Poor's Financial Services LLC is not incorporated in the European Union and application has been made for its ratings to be endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In relation to item 8 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 incorporated in the European Union and application has been made for its ratings to be endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority. Moody's Investors Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH., both rating agencies incorporated in the European Union which have applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In relation to item 9 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 190 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2009. Standard & Poor's Financial Services LLC is not incorporated in the European Union and application has been made for its ratings to be endorsed by Standard & Poor's Credit Market Services Europe Limited, a rating agency which has applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided by the relevant competent authority. Moody's Investors Service, Inc. is not incorporated in the European Union and application has been made for its ratings to be endorsed by Moody's Investors Service Limited and Moody's Deutschland GmbH., both rating agencies incorporated in the European Union which have applied to be registered under the CRA Regulation although as of the date of this Registration Document notification of the corresponding registration decision has not yet been provided 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.

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 currently considering a wide range of proposals that, if enacted, could 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. At this time, it is difficult to assess fully the impact that the Dodd-Frank Act will have on Morgan Stanley and on the financial services industry generally. Implementation of the Dodd-Frank Act will be accomplished through numerous rulemakings by multiple governmental agencies. The Dodd-Frank Act also mandates the preparation of studies on a wide range of issues, which could lead to additional legislation or regulatory changes.

In addition, legislative and regulatory initiatives continue outside the U.S. which may also affect Morgan Stanley's business and operations. For example, the Basel Committee on Banking Supervision (the "**Basel Committee**") has issued new capital, leverage and liquidity standards, known as "**Basel III**" which U.S. banking regulators are expected to introduce in the U.S. The Financial Stability Board and the Basel Committee are also developing standards designed to apply to systemically important financial institutions, such as Morgan Stanley. In addition, initiatives are under way in the European Union and Japan, among other jurisdictions, that would require centralised clearing, reporting and recordkeeping with respect to various kinds of financial transactions and other regulatory requirements that are in some cases similar to those required under the Dodd-Frank Act.

It is likely that the year 2011 and subsequent years will see further material changes in the way major financial institutions are regulated in the U.S., London, the European Union ("EU") and other markets in which Morgan Stanley operates, though it is 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 future period.

Financial Holding Company

Morgan Stanley has operated as a bank holding company and financial holding company under the BHC Act since September 2008. Effective 22 July 2010, as a bank holding company with \$50 billion or more in consolidated assets, Morgan Stanley became subject to the new systemic risk regime established by the Dodd-Frank Act. It is not yet clear how the regulators will apply the heightened prudential standards on systemically important firms such as Morgan Stanley.

Consolidated Supervision

On the bank holding company level, 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 gains heightened authority to examine, prescribe regulations and take action with respect to all of Morgan Stanley's subsidiaries. In addition, a new consumer protection agency, the Bureau of Consumer Financial Protection, will have 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.

Because Morgan Stanley is subject to the systemic risk regime, it is now also subject to the expanded systemic risk powers of the Fed, including the Fed's rulemaking in the area of heightened prudential standards and other requirements under the systemic risk regime. A new systemic risk oversight body, the Financial Stability Oversight Council (the "**Council**"), can recommend prudential standards, reporting and disclosure requirements to the Fed with applicability to financial institutions such as Morgan Stanley, and must approve any finding by the Fed that a systemically important 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.

Scope of Permitted Activities. As a financial holding company, Morgan Stanley is currently able to engage in any activity that is financial in nature or incidental to a financial activity, as defined in accordance with the BHC Act. Unless otherwise required by the Fed, Morgan Stanley is permitted to begin any new financial activity, and generally may acquire any company engaged in any financial activity, as long as it provides after-the-fact notice of such new activity or investment to the Fed.

Morgan Stanley is, however, subject to prior notice or approval requirements of the Fed in respect of certain types of transactions, including for the acquisition of more than 5% of any class of voting stock of a U.S. depository institution or depository institution holding company, and, since July 2010, also for certain acquisitions of non-bank financial companies with \$10 billion or more in total consolidated assets. Morgan Stanley's ability, as a financial holding company, to engage in certain merger transactions could also be impacted by approval requirements on a potentially broader set of transactions that will take effect in July 2011, by a new financial stability factor the Fed must consider in approving certain transactions, and by concentration limits, to be implemented by October 2011, limiting mergers and acquisitions resulting in control of more than 10% of all consolidated financial liabilities in the U.S. The Dodd-Frank Act will also place heightened requirements on Morgan Stanley's ability to acquire control of a bank.

The BHC Act gave Morgan Stanley two years after becoming a financial holding company to conform its existing non-financial activities and investments to the requirements of the BHC Act, with the possibility of three one-year extensions for a total grace period of up to five years. Morgan Stanley has requested and

obtained an extension in order to conform a limited set of activities and make certain divestments. The BHC Act also grandfathers any "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 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 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. Morgan Stanley does not believe that any such required divestment would have a material adverse impact on its results of operations, cash flows or financial condition.

In order to maintain its status as a financial holding company, Morgan Stanley must satisfy certain requirements, including the requirement that its depository institution subsidiaries remain well capitalized and well managed. Under current regulations implemented by the Fed, if any depository institution controlled by a financial holding company no longer meets certain capital or management standards, the Fed may impose corrective capital and/or managerial requirements on the parent financial holding company and place limitations on its ability to make acquisitions or otherwise conduct the broader financial activities permissible for financial holding companies. In addition, as a last resort if the deficiencies persist, the Fed may order a financial holding company to cease the conduct of or to divest those businesses engaged in activities other than those permissible for bank holding companies that are not financial holding companies. Under the Dodd-Frank Act, beginning in July 2011, the financial holding company status will also depend on remaining well capitalized and well managed at the holding company level.

Current regulations also provide that if any depository institution controlled by a financial holding company fails to maintain a satisfactory rating under the Community Reinvestment Act of 1977, the Fed must prohibit the financial holding company and its subsidiaries from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies.

Activities Restrictions under the Volcker Rule. A provision of the Dodd-Frank Act (the "**Volcker Rule**") will, over time, prohibit Morgan Stanley and its subsidiaries from engaging in "proprietary trading," as defined by the regulators. The Volcker Rule will also require banking entities to either restructure or unwind certain relationships with "hedge funds" and "private equity funds," as such terms are defined in the Volcker Rule and by the regulators. Regulators are required to issue regulations implementing the substantive Volcker Rule provisions during the course of 2011. The Volcker Rule is expected to become effective in July 2012, and banking entities will then have a two-year transition period to come into compliance with the Volcker Rule, subject to certain available 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 has begun a review of its private equity fund, hedge fund and proprietary trading operations; however, it is too early to predict how the Volcker Rule may impact Morgan Stanley's businesses.

Systemic Risk Regime. The Dodd-Frank Act establishes 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.

Under the systemic risk regime, the Fed must establish enhanced risk-based capital, leverage capital and liquidity requirements. These requirements have to be more stringent than standards for institutions that do not pose systemic risks. Those more broadly applicable U.S. capital and leverage standards will become significantly more onerous, and will be supplemented by liquidity requirements, such as those promulgated by the Basel Committee. The enhanced capital, leverage and liquidity standards under the

systemic risk regime are expected to place additional demands, beyond those under Basel III, on systemically important financial institutions including Morgan Stanley. The exact form, scale and timing of introduction of any such enhanced requirements are unclear and will have to be established by rulemaking. The Financial Stability Board has also announced that it will, together with national authorities, determine in 2011 which financial institutions are "clearly systemic to the global financial system" ("**G-SIFIs**"), and recommend an additional degree of loss absorbency for these institutions. A peer review council will be established with the aim of ensuring consistent application of measures across G-SIFIs in light of the risks they pose.

The systemic risk regime calls for the establishment of extensive, rapid and orderly resolution plans ("**resolution plans**"). The establishment and maintenance of resolution plans requires systemically important financial institutions, including Morgan Stanley, to analyze and provide substantial amounts of information regarding their legal entity structure, assets, liabilities, security arrangements and major counterparties and could entail significant restructuring of operations. The Fed and the Federal Deposit Insurance Corporation (the "**FDIC**") will review resolution plans for adequacy and, if they are found to be inadequate, can require changes in business operations and corporate structure, impose more stringent requirements or restrictions, including more stringent capital requirements or restrictions on growth, and may require divestments of operations or assets as a last resort. The specific requirements of resolution plans will be developed through Fed and FDIC rulemaking.

Systemically important financial institutions are made subject to an early remediation regime to address financial distress, which will include measures ranging from limits on capital distributions, acquisitions and asset growth, to capital restoration plans and capital-raising requirements, and the details of which will be established by rulemaking. It is currently unclear how regulators will define "financial distress," thereby determining at what level of capital deficiency or other signs of distress the foregoing restrictions would set in. In addition, 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 Fed 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.

Under the systemic risk regime, Morgan Stanley will be required to conduct regular internal stress tests, and Morgan Stanley must also submit to annual stress tests conducted by the Fed, a summary of which will be published. Implementing regulation must be issued by January 2012. The systemic risk regime also calls for heightened risk management standards and credit exposure reporting and, effective by July 2013 at the earliest, for limits on the concentration of risk and credit exposure to non-affiliates. The Fed also has the ability to establish further standards, including those regarding contingent capital, enhanced public disclosures, required risk committee of the board, and limits on short-term debt, including off-balance sheet exposures.

Capital 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.

Current U.S. risk-based capital and leverage guidelines require Morgan Stanley's capital-to-assets ratios to meet certain minimum standards. Under the current guidelines, in order for Morgan Stanley to remain a financial holding company its bank subsidiaries must qualify as "well capitalized" and "well managed" 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%. Beginning in July 2011, as required by the Dodd-Frank Act, the capital standards currently applicable to Morgan Stanley's bank subsidiaries will apply directly to Morgan Stanley, as a holding company, and require it to remain "well capitalized" and "well managed" to maintain its status as a financial holding company. Under current standards, 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. Morgan Stanley expects that the new "well capitalized" requirement under the Dodd-Frank Act will similarly be established in excess of minimum capital requirements applicable to bank holding companies.

Morgan Stanley calculates its capital ratios and risk-weighted assets 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." At 31 December 2010, Morgan Stanley was in compliance with Basel I capital requirements.

In December 2007, the U.S. banking regulators published final U.S. implementing 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. The timeline set out in December 2007 for the implementation of Basel II in the U.S. may be impacted by the developments concerning Basel III described below. Starting July 2010, Morgan Stanley has been reporting on a parallel basis under the current regulatory capital regime (Basel I) and Basel II, which, as currently scheduled, will be followed by a three-year transitional period. In addition, under a provision of the Dodd-Frank Act, capital standards generally applicable to U.S. banks will serve to establish minimum Tier 1 and total capital requirements more broadly, including for bank holding companies such as Morgan Stanley that otherwise apply different capital standards set by the Fed. In effect, those generally applicable capital standards, which are currently based on Basel I standards but may themselves change over time, would serve as a permanent floor to minimum capital requirements calculated under the Basel II standard Morgan Stanley is currently required to implement, as well as future capital standards.

Basel III contains new standards that will raise the quality of capital banking institutions must hold, strengthen the risk-weighted asset base and introduce a leverage ratio as a supplemental measure to the risk-based capital ratios. Basel III includes a new capital conservation buffer, which imposes a common equity requirement above the new minimum that can be depleted under stress, subject to restrictions on capital distributions, and a new countercyclical buffer, which regulators can activate during periods of excessive credit growth in their jurisdiction. The use of certain capital instruments, such as trust preferred securities, as Tier 1 capital components will be phased out. 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.

National implementation of Basel III risk-based capital requirements, including by U.S. regulators, will begin in 2013, and many of the requirements will be subject to extended phase-in periods. Once fully implemented, the capital requirements would include 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 which would remain at 8.0% (plus a 2.5% capital conservation buffer consisting of common equity in addition to these ratios). Despite extended phase-in periods, Morgan Stanley expects some of the new capital requirements to become relevant sooner. For example, on 17 November 2010, the Fed announced that it will require large U.S. bank holding companies to submit capital plans that show, among other things, the ability to meet Basel III capital requirements over time, and Morgan Stanley submitted its capital plan to the Fed on 7 January 2011 in response to such requirements. The Fed will evaluate capital plans that include a request to increase common stock dividends, implement stock repurchase programs, or redeem or repurchase capital instruments.

Concurrently with implementing regulations concerning Basel III, U.S. banking regulators will implement provisions of the Dodd-Frank Act with effect on capital and related requirements, including heightened capital and liquidity requirements for financial institutions subject to the systemic risk regime, including Morgan Stanley, as well as a mandate to make capital requirements countercyclical, and for capital requirements to address risks posed by certain activities. Pursuant to a provision of the Dodd-Frank Act, over time, trust preferred securities will no longer qualify as Tier 1 capital but will qualify only as Tier 2 capital. This change in regulatory capital treatment will be phased in incrementally during a

transition period that will start on 1 January 2013 and end on 1 January 2016. This provision of the Dodd-Frank Act is expected to accelerate the phase-in of disqualification of trust preferred securities provided for by Basel III.

Bank holding companies are also subject to a Tier 1 leverage ratio as defined by the Fed. Under Fed rules, the minimum leverage ratio is 3% for bank holding companies, including Morgan Stanley, that are considered "strong" under Fed guidelines or which have implemented the Fed's risk-based capital measure for market risk. Basel III introduces internationally a leverage ratio that could result in more stringent capital requirements than the current minimum U.S. leverage ratio. Bank holding companies such as Morgan Stanley, over a period of time will also be required to satisfy, at a minimum, the leverage capital requirements currently in effect for U.S. banks, which will thereafter serve as an effective floor. Financial institutions subject to the systemic risk regime under the Dodd-Frank Act, including Morgan Stanley, will also be required to meet as yet unspecified heightened prudential standards, including possibly higher leverage capital requirements.

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, but rulemaking is required to render it fully operative. 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 in exercising its cherry-picking powers, 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.

The FDIC can provide a broad range of financial assistance for the resolution process, and, if it does so, it must ensure that unsecured creditors bear losses up to the amount they would have suffered in liquidation (or as otherwise determined by the FDIC), and that management or board members of the financial company responsible for the failed condition are removed. Amounts owed to the U.S. are generally given priority over claims of general creditors. In addition, to the extent the FDIC funds the liquidation of a financial company with borrowings from the U.S. Treasury, it is authorized to assess claimants that receive benefits in excess of their claims in a bankruptcy liquidation, as well as systemically important or other large financial institutions, to repay such borrowings.

A number of creditor rights in the orderly liquidation authority have been modelled after the Bankruptcy Code, and the FDIC must promulgate implementing regulation in a manner that further reduces the gap in treatment between the two regimes and increases legal certainty. However, the orderly resolution authority is untested and differs in material respects from the Bankruptcy Code, including in the broad powers granted to the FDIC as receiver. As a result, Morgan Stanley cannot exclude the possibility that shareholders, creditors and other counterparties of Morgan Stanley and similarly situated financial companies will reassess the credit risk posed by the possibility that Morgan Stanley could be subjected to the orderly liquidation authority, and could seek to be compensated for any perceived risk of greater credit losses in such event.

In addition to the orderly liquidation authority, the Dodd-Frank Act also eliminates some of the regulatory authorities used in the recent financial crisis to intervene and support individual financial institutions. As

a result of these developments, credit rating agencies have announced that they would review financial institutions' ratings to potentially adjust the previously assumed level of government support as a factor in their ratings. These developments may have potential negative implications for such institutions' ratings to the extent the credit rating agencies' assessment of the impact of systemic risk regulation on the assumed level of government support negatively influences Morgan Stanley's credit ratings, that in turn could negatively impact Morgan Stanley's funding costs.

Dividends. In addition to certain dividend restrictions that apply by law to certain of Morgan Stanley's subsidiaries, 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 Morgan Stanley, Morgan Stanley Bank, N.A. and other Morgan Stanley depository institution subsidiaries, 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. It is Fed policy that bank holding companies should generally pay dividends on common stock only out of income available from the past year, and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition. It is also Fed policy that bank holding companies should not maintain dividend levels that undermine the company's ability to be a source of strength to its banking subsidiaries. Under the Dodd-Frank Act, all companies that own or control an insured depository institution will be required to serve as a source of strength to such institution; i.e., be able to provide financial assistance to such institution when it experiences financial distress. Implementing regulations must be issued by July 2012. Like the Fed policy currently in place, as well as periodic stress tests, the new statutory source of strength requirement could influence Morgan Stanley's ability to pay dividends, or require it to provide capital assistance to Morgan Stanley Bank, N.A. or Morgan Stanley Private Bank, National Association ("**MS Private Bank**") (formerly Morgan Stanley Trust FSB) under circumstances under which Morgan Stanley would not otherwise decide to do so.

U.S. Bank Subsidiaries

U.S. Banking Institutions. Morgan Stanley Bank, N.A., primarily a wholesale commercial bank, offers consumer lending and commercial lending services in addition to deposit products. As an FDIC-insured national bank, Morgan Stanley Bank, N.A. 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 Morgan Stanley Smith Barney LLC ("**MSSB LLC**"). MS Private Bank also offers certain deposit products. It changed its charter to a national association on 1 July 2010, and is an FDIC-insured national bank whose activities are subject to supervision, regulation and examination by the OCC.

Morgan Stanley Trust National Association is a non-depository national bank whose activities are limited to fiduciary and custody activities, primarily personal trust and prime brokerage custody services. It is subject to supervision, regulation and examination by the OCC. Morgan Stanley Trust National Association is not FDIC insured.

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 Morgan Stanley Bank, N.A. or Morgan Stanley 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, under the systemic risk regime, Morgan Stanley will become subject to an early remediation protocol in the event of financial distress. The Dodd-Frank Act also calls for a study on the effectiveness of, and

improvements to, the prompt corrective action regime, which may in the future result in substantial revisions to the prompt corrective action framework.

Transactions with Affiliates. Morgan Stanley's domestic subsidiary banks are subject to Sections 23A and 23B of the Fed 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, Morgan Stanley Bank, N.A. and Morgan Stanley 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 Morgan Stanley Bank, N.A., 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 advisers 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 Dodd-Frank Act provides the SEC authority (which the SEC has not yet exercised) to adopt a fiduciary duty applicable to broker-dealers when providing personalized investment advice to retail customers and creates a new category of regulation for "municipal advisors," which are subject to a fiduciary duty with respect to certain activities. In addition, the U.S. Department of Labour has proposed revisions to the regulations under the Employee Retirement Income Security Act of 1974 ("**ERISA**") that, if adopted, would potentially broaden the category of conduct that could be regarded as "investment advice" under ERISA and could subject broker-dealers to ERISA's fiduciary duty and prohibited transaction rules with respect to a wider range of interactions with their customers. These developments may impact the manner in which affected businesses are conducted, decrease profitability and increase potential liabilities. The Dodd-Frank Act also provides the SEC authority (which the SEC also has not exercised) to prohibit or limit the use of mandatory arbitration pre-dispute agreements

between a broker-dealer and its customers. If the SEC exercises its authority under this provision, it may materially increase 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 liquidity 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 brokerdealer 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 liquidity 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 liquidity 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 broker-dealers (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. In addition, as noted under "Systemic Risk Regime," the orderly liquidation provisions of Dodd-Frank could affect the nature, priority and enforcement process for other creditor claims against a covered broker-dealer, which could have an impact on the manner in which creditors and potential creditors extend credit to covered broker-dealers or the amount of credit that they extend.

The SEC is also undertaking a review of a wide range of equity market structure issues. As a part of this review, the SEC has proposed various rules regarding market transparency, and has adopted rules requiring brokerdealers to maintain risk management controls and supervisory procedures with respect to providing access to securities markets. In addition, in an effort to prevent volatile trading, self-regulatory organizations have adopted trading pauses 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. Moreover, compliance is required with respect to a new short sale uptick rule as of 28 February 2011, which will limit the ability to sell short securities that have experienced specified price declines.

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. 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 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 advisers 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 advisers who manage accounts 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 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.

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 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, which are required to be adopted by July 2011.

The Dodd-Frank Act requires, with limited exceptions, central clearing of certain types of Swaps and also mandates that trading of such Swaps, with limited exceptions, be done on regulated exchanges or execution facilities. As a result, market participants, including Morgan Stanley's entities engaging in Swaps, will have to centrally clear and trade on an exchange or execution facility certain Swap transactions that are currently uncleared and executed bilaterally. Also, the Dodd-Frank Act 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 likely be required to register as a swap dealer and security-based swap dealer and it is possible some may register as a major swap participant and major security-based swap participant.

Swap Entities will be subject to a comprehensive regulatory regime with respect to the Swap activities for which they are registered. For example, Swaps Entities will be subject to a capital regime, a margin regime for uncleared Swaps and a segregation regime for collateral of counterparties to uncleared Swaps.

Swaps Entities also will be subject to business conduct and documentation standards with respect to their Swaps counterparties. Furthermore, Swaps Entities will be subject to significant operational and governance requirements, including reporting and recordkeeping, maintenance of daily trading records, creation of audit trails, monitoring procedures, risk management, conflicts of interest and the requirement to have a chief compliance officer, among others. It is currently unclear to what extent regulation of Swaps Entities might also bring certain activities of the affiliates of such a Swaps Entity under the oversight of the Swaps Entity's regulator.

The specific parameters of these Swaps Entities requirements are being developed through CFTC, SEC and bank regulator rulemakings. Until such time as final rules are adopted, the extent of the regulation Morgan Stanley entities required to register will face remains unclear. It is likely, however, that, regardless of the final rules adopted, 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 Dodd-Frank Act requires reporting of Swap transactions, both to regulators and publicly, under rules and regulations currently being proposed by the CFTC and the SEC, and the extent of these reporting requirements will not be clear until final rules are adopted. The Dodd-Frank Act also requires certain entities receiving customer collateral for cleared Swaps to register with the CFTC as a futures commission merchant or with the SEC as a broker, dealer or security-based swap dealer, as appropriate to the type of activity, and to follow certain segregation requirements for customer collateral. Futures commission merchants and broker-dealers face their own comprehensive regulatory regimes administered by the CFTC and SEC, respectively. The Dodd-Frank Act also requires adoption of rules regarding position limits, large trader reporting regimes, CFTC whistleblower protection, compensation requirements and anti-fraud and antimanipulation requirements related to activities in Swaps.

The European Union is in the process of establishing its own set of OTC derivatives regulations, and has published a proposal known as the European Market Infrastructure Regulation. Aspects of the regulation, including the scope of derivatives covered, and mandatory clearing and reporting requirements, are likely to be substantially similar to derivatives regulation under the Dodd-Frank Act. It is unclear at present how European and U.S. derivatives regulation will interact.

Regulation of Certain Commodities Activities. 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 are also 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 has sent wastes for disposal.

The Dodd-Frank Act provides the CFTC with additional authority to adopt position limits with respect to certain futures or options on futures, and the CFTC has proposed to adopt such limits. New position limits may affect trading strategies and affect the profitability of various businesses and transactions.

Non-U.S. Regulation. Morgan Stanley's 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 Deutsche Börse AG and the Bundesanstalt für Finanzdienstleistungsaufsicht (the Federal Financial Supervisory Authority) regulate its activities in the Federal Republic of Germany; Eidgenössische Finanzmarktaufsicht 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 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 advisers with the SEC and, in certain states, some employees or representatives of subsidiaries are registered as investment adviser representatives. 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. 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, 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.

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 USA PATRIOT Act of 2001 (the "BSA/USA 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 verify the identity of customers that maintain accounts. The BSA/USA PATRIOT Act also mandates that financial institutions have policies, procedures and internal processes in place to monitor and report suspicious activity to appropriate law enforcement or regulatory authorities. A financial institution subject to the BSA/USA

PATRIOT Act also must designate a BSA/AML compliance officer, provide employees with training on money laundering prevention, and undergo an annual, independent audit to assess the effectiveness of its AML program. 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.

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. Morgan Stanley has implemented policies, procedures, and internal controls that are designed to comply with the FCPA and other applicable anti-corruption laws, rules, and regulations in the jurisdictions in which it operates.

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 EU 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.

Recent Events

There has 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 2011 except as disclosed below.

MUFG Stock Conversion.

On 21 April, 2011, MUFG and Morgan Stanley announced that they have entered into an agreement to convert MUFG's outstanding Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock ("**Series B Preferred Stock**") in Morgan Stanley into Morgan Stanley's common stock. Under the terms of the transaction, MUFG will exchange the Series B Preferred Stock with a face value of \$7.8 billion and a 10% dividend for approximately 385 million shares of Morgan Stanley common stock, reflecting an increase in the conversion rate of 75 million shares and providing MUFG with an ownership interest in Morgan Stanley of 22.4%. The 75 million share increase in the conversion rate (which, based on Morgan Stanley's closing stock price on 21 April, 2011, would be approximately \$2 billion) will be treated as a preferred stock dividend at closing. The transaction is subject to certain closing conditions, including receipt of required regulatory approvals in certain jurisdictions globally.

2. OVERVIEW OF THE ACTIVITIES

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 the 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

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 \$682 million, of which approximately \$570 million was recorded in 2010. 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. In the fourth quarter of 2010, Morgan Stanley sold its investment in Invesco, resulting in a pre-tax gain of \$102 million recorded in Other revenues.

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 is primarily associated with a development property in Atlantic City, New Jersey. Total assets of Revel included in Morgan Stanley's consolidated statements of financial condition at 31 December 2010 and 31 December 2009 approximated \$28 million and \$1.2 billion,

respectively. The results of Revel are reported as discontinued operations for all periods presented within the Institutional Securities business segment. Amounts for 2010 included losses of approximately \$1.2 billion in connection with writedowns and related costs of such planned 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 disposal.

Discover. On 30 June 2007, Morgan Stanley completed the spin-off of its business segment Discover Financial Services ("DFS") to its shareholders. On 11 February 2010, DFS paid Morgan Stanley \$775 million in complete satisfaction of its obligations to Morgan Stanley regarding the sharing of proceeds from a lawsuit against Visa and MasterCard. The payment was recorded as a gain in discontinued operations for the quarter ended 31 March 2010.

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 2010, Morgan Stanley had 62,542 employees worldwide.

Morgan Stanley's significant regulated U.S. and international subsidiaries include Morgan Stanley & Co. Incorporated, Morgan Stanley Smith Barney LLC, Morgan Stanley & Co. International plc, Morgan Stanley MUFG Securities, Co., Ltd., Morgan Stanley Bank, N.A. and Morgan Stanley Investment Advisors Inc.

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/895421/000119312511050049/dex21.htm>.

4. TREND INFORMATION

Save as disclosed in (i) the information contained in the section entitled "Part I – Item 3 – Legal Proceedings" on pages 33 to 38 of the Annual Report of Morgan Stanley on Form 10-K for the year ended 31 December 2010, and (ii) the information contained in the section entitled "Part II – Other Information–Legal Proceedings" on pages 131 to 133 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011, there has been no material adverse change in the prospects of Morgan Stanley since 31 December 2010.

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
John J. Mack	Chairman of the Board	John J. Mack does not perform other relevant managerial activities outside Morgan Stanley.
James P. Gorman	Director, President 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 and Norfolk Southern Corporation. Senior advisor of Carousel Capital LLC, a private investment firm and Co-Chair of the National Commission of Fiscal Responsibility and Reform.
Howard J. Davies	Director	Director of Prudential plc
James H. Hance, Jr.	Director	Senior Advisor at The Carlyle Group, a global private equity firm. Director of Cousins Properties Incorporated, Duke Energy Corporation, Ford Motor Company and Sprint Nextel Corporation (Non-Executive Chairman).
Masaaki Tanaka	Director	Managing Executive Officer and Chief Executive Officer for Americas of The Bank of Tokyo-Mitsubishi UJF, Ltd. Director of UnionBanCal Corporation.
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.

Name	Function within Morgan Stanley	Principal Outside Activity
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 Business School. Visiting Lecturer at Princeton University. Director of Investor AB.
Laura D. Tyson	Director	S.K. and Angela Chan Professor of Global Management. Director of Eastman Kodak Company, AT&T Inc. and CB Richard Ellis Group, Inc.

The directors of Morgan Stanley additionally serve as officers in entities outside of the Morgan Stanley Group with which Morgan Stanley may have entered into transactions. However, Morgan Stanley believes that this does not give rise to any material potential conflicts of interest between the respective duties any such director owes to Morgan Stanley and to any such other entity. Other than as disclosed in this paragraph, 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 BlackRock, Inc. ("**Blackrock**"), China Investment Corporation ("**CIC**"), MUFG and State Street Bank and Trust Company ("**State Street**") beneficially own 5% or more of the outstanding shares of Morgan Stanley common stock as reported under the section "Principal Shareholders" herein.

During 2010, Morgan Stanley engaged in transactions in the ordinary course of business with each of BlackRock, 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.

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 (Chair) Howard J. Davies James H. Hance, Jr. O. Griffith Sexton	Oversees the integrity of Morgan Stanley's consolidated financial statements, system of internal controls, and certain aspects of risk management, including review of major operational, 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 independence of the independent auditor and performance of Morgan Stanley's

Committee	Current Members	Primary Responsibilities
		<p>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 (Chair)</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 such other officers 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 does not encourage excessive risk-taking.</p>
<p>Nominating and Governance</p>	<p>Laura D. Tyson (Chair)</p> <p>Roy J. Bostock</p> <p>C. Robert Kidder</p> <p>James W. Owens</p>	<p>Identifies and recommends candidates for election to the Board.</p> <p>Recommends committee structure and membership.</p> <p>Establishes procedures for its oversight of the evaluation of the Board.</p> <p>Recommends director compensation and benefits.</p>

Committee	Current Members	Primary Responsibilities
		<p>Reviews annually Morgan Stanley's corporate governance policies.</p> <p>Reviews and approves related person transactions in accordance with Morgan Stanley's Related Person Transaction Policy.</p>
Risk Committee	<p>Howard J. Davies (Chair)</p> <p>Roy J. Bostock</p> <p>James H. Hance, Jr.</p> <p>Masaaki Tanaka</p>	<p>Oversees Morgan Stanley's risk governance structure.</p> <p>Oversees risk management and risk assessment guidelines and policies regarding market, credit, liquidity and funding risk.</p> <p>Oversees risk tolerance, including risk tolerance levels and capital targets and limits.</p> <p>Oversees the performance of the Chief Risk Officer.</p>

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⁾
Mitsubishi UFJ Financial Group, Inc. ⁽²⁾ 7-1, Marunouchi 2-chome Chiyoda-ku, Tokyo 100-8330, Japan	359,713,710	19.38%
State Street Bank and Trust Company (State Street) ⁽³⁾ 225 Franklin Street, Boston, MA 02110	163,702,026	10.59%
China Investment Corporation (CIC) ⁽⁴⁾ New Poly Plaza, No. 1 Chaoyangmen Beidajie Dongcheng District, Beijing 100010, People's Republic of China	150,782,379	9.76%
BlackRock, Inc. (BlackRock) ⁽⁵⁾ 40 East 52 nd Street New York, NY 10022	83,991,129	5.44%

(1) Percentages based upon the number of shares of common stock outstanding as of the record date, 21 March 2011, and the beneficial ownership of the principal shareholders as reported in SEC filings.

- (2) Based on the amended Schedule 13D filed on 9 November 2010 by MUFG. The amended Schedule 13D discloses that MUFG had sole dispositive and sole voting power with respect to the beneficially owned shares reported therein, including 2,696,622 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 October 2010 for which MUFG disclaims beneficial ownership. The amended Schedule 13D discloses that the percentage of ownership reported therein includes 310,464,033 shares of common stock, assuming conversion of 7,839,209 shares of Series B Preferred Stock issued to MUFG on 13 October 2008, based on an initial conversion rate of 39.604 shares of common stock for each share of preferred stock.
- (3) Based on the Schedule 13G filed on 11 February 2011 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 163,702,026 shares and shared voting power as to 163,379,627 shares; that 107,989,670 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.
- (4) Based on the Schedule 13G filed on 14 February 2011 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 therein.
- (5) Based on the Schedule 13G filed on 7 February 2011 by BlackRock. The Schedule 13G discloses that BlackRock had sole dispositive and sole voting power with respect to all beneficially owned shares reported therein.

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 condensed 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, 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.

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 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 entitled "Legal Proceedings" from Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2010 and from Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011.

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 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 handling of foreclosure related issues, and Morgan Stanley's compliance with the Service Members Civil Relief Act.

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 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 presiding over the action granted the defendant's motion to dismiss and granted the plaintiffs leave to file an amended complaint with respect to certain of their allegations.

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 purports 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 asserts 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 are seeking, among other relief, class certification, unspecified compensatory and rescissory damages, costs, interest and fees. On 11 October 2010, defendants filed a 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 various 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 recessionary 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 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 their affiliates) that have filed for bankruptcy or have been placed into receivership.

In Re Washington Mutual, Inc. Securities Litigation is pending in the United States District Court for the Western District of Washington. On 12 October 2010, the court issued an order certifying a class of plaintiffs asserting claims under the Securities Act related to three offerings by Washington Mutual Inc. in 2006 and 2007 in which Morgan Stanley participated as an underwriter. Morgan Stanley underwrote approximately \$1.3 billion of the securities covered by the class certified by the court. On 29 March 2011, Morgan Stanley reached an agreement in principle with the class plaintiffs to settle this litigation. The settlement has not yet been completed and will be subject to approval.

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 5 June 2010, the underwriter defendants moved to dismiss the amended complaint filed by the lead plaintiffs.

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. Morgan Stanley underwrote approximately \$1.2 billion of the principal amount of the additional offerings subject to the motion to intervene. Morgan Stanley is opposing the motion to intervene.

On 24 December 2009, the Employees' Retirement System of the Government of the Virgin Islands filed a purported class action against Morgan Stanley on behalf of holders of approximately \$250 million of AAA rated notes issued by the Libertas III CDO in March 2007. The case is styled *Employees' Retirement System of the Government of the Virgin Islands v. Morgan Stanley & Co. Incorporated, et al.* and is pending in the SDNY. The complaint asserts claims for common law fraud and unjust enrichment and alleges that Morgan Stanley made misrepresentations regarding the AAA ratings of the CDO notes and the credit quality of the collateral held by the Libertas III CDO, and stood to gain if that collateral defaulted. The complaint seeks class certification, unspecified compensatory and punitive damages, equitable relief, fees and costs. On 19 March 2010, Morgan Stanley filed a motion to dismiss the complaint.

On 16 March 2011, a purported class action, styled *Coulter v. Morgan Stanley & Co. Incorporated et al.*, was filed in the United States District Court for the Southern District of New York 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 the Employee Retirement Income Security Act of 1974. The complaint alleges, among other things, that defendants knew or should have known that from 2 January 2008 to 31 December 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.

Shareholder Derivative Matter. On 15 November 2007, a shareholder derivative complaint styled *Steve Staehr, Derivatively on Behalf of Morgan Stanley v. John J. Mack, et al.* was filed in the SDNY asserting claims related in large part to losses caused by certain subprime-related trading positions and related matters. On 16 July 2008, the plaintiff filed an amended complaint, which defendants moved to dismiss on 19 September 2008. The complaint seeks, among other relief, unspecified compensatory damages, restitution, and institution of certain corporate governance reforms. On 31 March 2011 the court presiding over the action granted the defendants' motion to dismiss.

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 residential mortgage backed securities 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. Since the filing of the initial complaint, various additional plaintiffs have been added to the case. There are currently 14 plaintiffs asserting individual claims related to securities issued by the SIV. Plaintiffs have not alleged the amount of their alleged investments, and are seeking, among other relief,

unspecified compensatory and punitive damages. On 11 March 2011, the deadline for new plaintiffs to join the case expired. There are currently 15 plaintiffs in this action asserting claims in relation to approximately \$983 million of securities issued by the structured investment vehicle called Cheyne Finance.

On 16 January 2009, Morgan Stanley was named as a defendant in an interpleader lawsuit styled *U.S. Bank, N.A. v. Barclays Bank PLC and Morgan Stanley Capital Services Inc.*, which is pending in the SDNY. The lawsuit relates to credit default swaps between Morgan Stanley and Tourmaline CDO I LTD ("Tourmaline"), in which Barclays Bank PLC ("Barclays") is the holder of the most senior and controlling class of notes. At issue is whether, pursuant to the terms of the swap agreements, Morgan Stanley was required to post collateral to Tourmaline, or take any other action, after Morgan Stanley's credit ratings were downgraded in 2008 by certain ratings agencies. Morgan Stanley and Barclays have a dispute regarding whether Morgan Stanley breached any obligations under the swap agreements and, if so, whether any such breaches were cured. The trustee for Tourmaline, interpleader plaintiff U.S. Bank, N.A., has refrained from making any further distribution of Tourmaline's funds pending the resolution of these issues and is seeking a judgment from the court resolving them. On 11 January 2011, the court conducted a bench trial, but has not yet issued its ruling. As of 31 December 2010, Morgan Stanley believed that it was entitled to receivables from Tourmaline in an amount equal to approximately \$273 million. On 20 April 2011, the court presiding over the action entered a stipulation and order of dismissal reflecting the parties' agreement to resolve this litigation pursuant to a settlement.

On 25 September 2009, Morgan Stanley was named as a defendant in a lawsuit styled *Citibank, N.A. v. Morgan Stanley & Co. International, PLC*, which is 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 8 October 2010, the court issued an order denying Citi N.A.'s motion for judgment on the pleadings as to Morgan Stanley's counterclaim for reformation and granting Citi N.A.'s motion for judgment on the pleadings as to Morgan Stanley's counterclaim for estoppel. Morgan Stanley moved for summary judgment on 17 December 2010. Citi N.A. opposed Morgan Stanley's motion and cross moved for summary judgment on 21 January 2011.

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. On 18 April 2011, the defendants filed an omnibus demurrer and motion to strike the amended complaints.

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 (USA) 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 12 July 2010, defendants removed these actions to the United States District Court for the Northern District of California, and on 20 December 2010, the cases were remanded to the state court. On 18 April 2011, the defendants filed an omnibus demurrer and motion to strike the amended complaints.

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 residential mortgage backed securities held by the SIV. On 15 July 2010, Morgan Stanley moved to dismiss the complaint. That motion was denied on 29 October 2010. 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 plaintiff's clients 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 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 13 August 2010, defendants removed this action to the United States District Court for the District of Massachusetts and on 13 September 2010, plaintiff filed a motion to remand the case to the state court. On 28 December 2010, the magistrate judge recommended that the district court grant the motion to remand. The defendants objected to the magistrate's report and recommendation on 18 January 2011.

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. On 8 September 2010, defendants removed this action to the United States District Court for the Northern District of California and on 1 October 2010, plaintiff filed a motion to remand the case to the state court. On 23 February 2011, the court presiding over the action remanded the action to the Superior Court of the State of California.

On 15 July 2010, China Industrial Development Bank ("CIDB") filed a complaint against Morgan Stanley, which is styled *China Industrial Development 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 CIDB, and that Morgan Stanley knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CIDB. The complaint seeks compensatory damages related to the approximately \$228 million that CIDB alleges it has already lost under the credit default swap, rescission of CIDB'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 presiding over the action 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 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. The defendants removed both actions to federal court, on 23 November 2010 and 24 November 2010, respectively. On 18 January 2011, the United States District Court for the Northern District of Illinois remanded the Illinois action to the state court. On 23 December 2010, the plaintiff filed a motion to remand the California action from the United States District Court for the Central District of California to the state court. On 15 March 2011, the court presiding over the action styled *Federal Home Loan Bank of Chicago v. Bank of America Securities LLC et al.*, which had been removed to the United States District Court for the Central District of California, remanded the action to the Superior Court of the State of California. On 24 March 2011, the court presiding over the action styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.*, which is pending in Illinois state court, granted plaintiff's motion to file an amended complaint.

On 6 December 2010, MBIA Insurance Corporation ("MBIA") filed a complaint against Morgan Stanley related to MBIA's contract to insure approximately \$223 million of residential mortgage backed securities related to a second lien residential mortgage backed securitization sponsored by Morgan Stanley in June 2007. The complaint is styled *MBIA Insurance Corporation v. Morgan Stanley, et al.* and is pending in New York Supreme Court, Westchester County. The complaint asserts claims for fraud, breach of contract and unjust enrichment and alleges, among other things, that Morgan Stanley misled MBIA regarding the quality of the loans contained in the securitization, that loans contained in the securitization breached various representations and warranties and that the loans have been serviced inadequately. The complaint seeks, among other relief, compensatory and punitive damages, an order requiring Morgan Stanley to comply with the loan breach remedy procedures in the transaction documents and/or to indemnify MBIA for losses resulting from Morgan Stanley's alleged breach of the transaction documents, as well as costs, interests and fees. On 2 February 2011, Morgan Stanley filed a motion to dismiss the complaint.

On 11 February 2011, Cambridge Place Investment Management Inc. filed a new 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 alleges that the defendants made untrue statements and material omissions in the sale to plaintiff's clients of 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 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. This action is separate from the similarly styled action filed by Cambridge Place on 9 July 2010 that was previously disclosed in the Form 10-K.

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 \$500 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.

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 appear to have violated the Foreign Corrupt Practices Act. Morgan Stanley terminated the employee, reported the activity to appropriate authorities and is cooperating with investigations by the United States Department of Justice and the SEC.

Save as disclosed in the paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part I – Item 3 entitled "Legal Proceedings" from Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2010 and in the paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part II – Other Information item 1 entitled "Legal Proceedings" from Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2011, 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 2009 to 31 December 2009 and 1 January 2010 to 31 December 2010 and 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 2010 and 31 December 2009 and the consolidated statements of income, comprehensive income, cash flows, and changes in total equity for the calendar years ended 31 December 2010 and 31 December 2009.

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 2010, 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 28 February 2011, expresses an unqualified opinion on Morgan Stanley's internal control over financial reporting. 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.

Change in Fiscal Year End

On 16 December 2008, the Board of Directors of Morgan Stanley approved a change in Morgan Stanley's fiscal year end from 30 November to 31 December of each year. This change to the calendar year reporting cycle began 1 January 2009. As a result of the change, Morgan Stanley had a one-month

transition period in December 2008. The audited results for the one-month period ended 31 December 2008 are included in Morgan Stanley's Annual Report on Form 10-K for the year ending 31 December 2009.

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 2011 except as disclosed under "Recent Events" on pages 35 to 36 above.

Share capital

The authorised share capital of Morgan Stanley at 31 March 2011 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 2011 comprised 1,603,913,074 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 Tier 1 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 Tier 1 capital and aggregate Required Capital is Morgan Stanley's Parent capital. Average Tier 1 capital, Required Capital and Parent capital for 2010 was approximately \$51.6 billion, \$30.9 billion and \$20.7 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, including Basel III, and to incorporate enhancements in modelling techniques.

	2010	
	Average Tier 1 capital	Average common equity
	<i>(dollars in billions)</i>	
Institutional Securities	\$26.0	\$17.7
Global Wealth Management Group	2.9	6.8
Asset Management	1.9	2.1
Parent capital	20.7	15.5
Total from continuing operations	51.5	42.1
Discontinued operations	0.1	0.3
Total	\$51.6	\$42.4

Overview of 2010 Financial Results

Consolidated Review. Morgan Stanley recorded net income applicable to Morgan Stanley of \$4,703 million in 2010, a 249% increase from \$1,346 million in 2009.

Net revenues increased 35% to \$31,622 million in 2010 from \$23,434 million in 2009, primarily driven by the Institutional Securities business segment and MSSB. Net revenues in 2010 included negative revenues of \$873 million due to the tightening of Morgan Stanley's credit spreads on certain of Morgan

Stanley's long-term and short term borrowings, primarily structured notes, for which the fair value option was elected, compared with negative revenues of \$5,510 million in 2009 due to the tightening of Morgan Stanley's credit spreads on such borrowings. In addition, results for 2010 included a pre-tax gain of \$668 million from the sale of Morgan Stanley's investment in China International Capital Corporation Limited ("CICC"). Non-interest expenses increased 13% to \$25,420 million in 2010. Compensation and benefits expense increased 11% and non-compensation expenses increased 17%, primarily due to increased compensation costs and non-compensation costs in the Global Wealth Management Group business segment, primarily due to MSSB. The increase was also due to a charge of \$272 million related to the U.K. government's payroll tax on discretionary bonuses reflected in 2010 compensation and benefits expense. Diluted EPS were \$2.63 in 2010 compared with \$(0.77) in 2009. Diluted EPS from continuing operations were \$2.44 in 2010 compared with \$(0.82) in 2009.

Morgan Stanley's effective income tax rate from continuing operations was 11.9% in 2010. The effective tax rate for 2010 includes tax benefits of \$382 million related to the reversal of U.S. deferred tax liabilities associated with prior-years' undistributed earnings of certain non-U.S. subsidiaries that were determined to be indefinitely reinvested abroad, \$345 million associated with the remeasurement of net unrecognized tax benefits and related interest based on new information regarding the status of federal and state examinations, and \$277 million associated with the planned repatriation of non-U.S. earnings at a cost lower than originally estimated. Excluding the benefits noted above, the effective tax rate from continuing operations in 2010 would have been 28.0%. The annual effective tax rate in 2010 is reflective of the geographic mix of earnings.

Morgan Stanley's effective income tax rate from continuing operations was a benefit of 34.7% in 2009. The effective tax rate for 2009 includes a tax benefit of \$331 million resulting from the cost of anticipated repatriation of non-U.S. earnings at lower than previously estimated tax rates. Excluding this benefit, the annual effective tax rate from continuing operations for 2009 would have been a benefit of 1.0%. The annual effective tax rate in 2009 is reflective of the geographic mix of earnings and includes tax benefits associated with the anticipated use of domestic tax credits and the utilization of state net operating losses.

Discontinued operations for 2010 included: a loss of \$1.2 billion due to a writedown and related costs associated with the planned disposition of Revel Entertainment Group, LLC, a development stage enterprise and subsidiary of Morgan Stanley that is primarily associated with a development property in Atlantic City, New Jersey; a gain of \$775 million related to a legal settlement with Discover Financial Services; and an after-tax gain of approximately \$570 million related to Morgan Stanley's sale of Retail Asset Management, including Van Kampen Investments, Inc., to Invesco.

Additional selected financial information

The remainder of this section contains income statement data on Morgan Stanley for the years ended 31 December 2010 and 31 December 2009 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 2010.

Selected financial information of Morgan Stanley relating to the years ended 31 December 2010 and 31 December 2009 taken from the Annual Report on Form 10-K for the year ended 31 December 2010

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

	<u>31 December 2010</u>	<u>31 December 2009</u>
Assets		
Cash and due from banks (\$297 at 31 December 2010 related to consolidated variable interest entities generally not available to Morgan Stanley)	\$ 7,341	\$ 6,988
Interest bearing deposits with banks	40,274	25,003
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	19,180	23,712
Financial instruments owned, at fair value (approximately \$130 billion and \$101 billion were pledged to various parties at 31 December 2010 and 31 December 2009, respectively):		
U.S. government and agency securities	48,446	62,215
Other sovereign government obligations	33,908	25,445
Corporate and other debt (\$3,816 at 31 December 2010 related to consolidated variable interest entities, generally not available to Morgan Stanley)	88,154	90,454
Corporate equities (\$625 at 31 December 2010 related to consolidated variable interest entities, generally not available to Morgan Stanley)	68,416	57,968
Derivative and other contracts	51,292	49,081
Investments (\$1,873 at 31 December 2010 related to consolidated variable interest entities, generally not available to Morgan Stanley).....	9,752	9,286
Physical commodities	6,778	5,329
Total financial instruments owned, at fair value	<u>306,746</u>	<u>299,778</u>
Securities available for sale, at fair value	29,649	—
Securities received as collateral, at fair value.....	16,537	13,656
Federal funds sold and securities purchased under agreements to resell.....	148,253	143,208
Securities borrowed.....	138,730	167,501
Receivables:		
Customers	35,258	27,594
Brokers, dealers and clearing organizations.....	9,102	5,719
Fees, interest and other	9,790	11,164
Loans (net of allowances of \$82 at 31 December 2010 and \$158 at 31 December 2009).....	10,576	7,259
Other investments	5,412	3,752
Premises, equipment and software costs (net of accumulated depreciation of \$4,476 and \$3,734 at 31 December 2010 and 31 December 2009, respectively) (\$321 at 31 December 2010 related to consolidated variable entities, generally not available to Morgan Stanley).....	6,154	7,067
Goodwill	6,739	7,162
Intangible assets (net of accumulated amortization of \$605 and \$275 at 31 December 2010 and 31 December 2009, respectively) (includes \$157 and \$137 at fair value at 31 December 2010 and 31 December 2009, respectively).....	4,667	5,054
Other assets	13,290	16,845
Total assets.....	<u>807,698</u>	<u>771,462</u>

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

	31 December 2010	31 December 2009
Liabilities and Equity		
Deposits (includes \$3,027 and \$4,967 at fair value at 31 December 2010 and 31 December 2009, respectively)	\$ 63,812	\$ 62,215
Commercial paper and other short-term borrowings (includes \$1,799 and \$791 at fair value at 31 December 2010 and 31 December 2009, respectively)	3,256	2,378
Financial instruments sold, not yet purchased, at fair value:		
U.S. government and agency securities	27,948	20,503
Other sovereign government obligations	22,250	18,244
Corporate and other debt.....	10,918	7,826
Corporate equities	19,838	22,601
Derivative and other contracts	47,802	38,209
Total financial instruments sold, not yet purchased, at fair value	128,756	107,383
Obligation to return securities received as collateral, at fair value	21,163	13,656
Securities sold under agreements to repurchase (includes \$849 at fair value at 31 December 2010)	147,598	159,401
Securities loaned	29,094	26,246
Other secured financings (includes \$8,490 and \$8,102 at fair value at 31 December 2010 and 31 December 2009, respectively) (\$2,656 at 31 December 2010 related to Company) consolidated variable interest entities and are non-recourse to Morgan Stanley)	10,453	8,102
Payables:		
Customers	123,249	117,058
Brokers, dealers and clearing organizations.....	3,363	5,423
Interest and dividends	2,572	2,597
Other liabilities and accrued expenses	16,518	20,849
Long-term borrowings (includes \$42,709 and \$37,610 at fair value at 31 December 2010 and 31 December 2009, respectively)	192,457	193,374
	742,291	718,682
Commitments and contingent liabilities (see Note 13)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock.....	9,597	9,597
Common stock, \$0.01 par value;		
Shares authorized: 3,500,000,000 at 31 December 2010 and 31 December 2009; Shares issued: 1,603,913,074 at 31 December 2010 and 1,487,850,163 at 31 December 2009; Shares outstanding: 1,512,022,095 at 31 December 2010 and 1,360,595,214 at 31 December 2009	16	15
Paid-in capital	13,521	8,619
Retained earnings	38,603	35,056
Employee stock trust	3,465	4,064
Accumulated other comprehensive loss.....	(467)	(560)
Common stock held in treasury, at cost, \$0.01 par value;		
91,890,979 shares at 31 December 2010 and 127,254,949 shares at 31 December 2009	(4,059)	(6,039)
Common stock issued to employee trust.....	(3,465)	(4,064)
Total Morgan Stanley shareholders' equity	57,211	46,688
Noncontrolling interests.....	8,196	6,092
Total equity	65,407	52,780
Total liabilities and equity.....	807,698	771,462

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

	<u>2010</u>	<u>2009</u>	<u>Fiscal 2008</u>	<u>One Month Ended 31 December 2008</u>
Revenues:				
Investment banking	\$ 5,122	\$ 5,020	\$ 4,057	\$ 196
Principal transactions:				
Trading	9,406	7,722	6,170	(1,491)
Investments	1,825	(1,034)	(3,888)	(205)
Commissions	4,947	4,233	4,443	213
Asset management, distribution and administration fees	7,957	5,884	4,839	292
Other	1,501	837	3,851	109
Total non-interest revenues	<u>30,758</u>	<u>22,662</u>	<u>19,472</u>	<u>(886)</u>
Interest income	7,278	7,477	38,931	1,089
Interest expense	6,414	6,705	36,263	1,140
Net interest	864	772	2,668	(51)
Net revenues	<u>31,622</u>	<u>23,434</u>	<u>22,140</u>	<u>(937)</u>
Non-interest expenses:				
Compensation and benefits	16,048	14,434	11,851	582
Occupancy and equipment	1,570	1,542	1,324	123
Brokerage, clearing and exchange fees	1,431	1,190	1,483	91
Information processing and communications	1,665	1,372	1,194	95
Marketing and business development	582	501	714	34
Professional services	1,911	1,597	1,708	109
Other	2,213	1,815	2,612	23
Total non-interest expenses	<u>25,420</u>	<u>22,451</u>	<u>20,886</u>	<u>1,057</u>
Income (loss) from continuing operations before income taxes	6,202	983	1,254	(1,994)
Provision for (benefit from) income taxes	739	(341)	16	(725)
Income (loss) from continuing operations	5,463	1,324	1,238	(1,269)
Discontinued operations:				
Gain (loss) from discontinued operations	606	33	1,004	(14)
Provision for (benefit from) income taxes	367	(49)	464	2
Net gain (loss) from discontinued operations	<u>239</u>	<u>82</u>	<u>540</u>	<u>(16)</u>
Net income (loss)	5,702	1,406	1,778	(1,285)
Net income applicable to noncontrolling interests	999	60	71	3
Net income (loss) applicable to Morgan Stanley	<u>4,703</u>	<u>1,346</u>	<u>1,707</u>	<u>(1,288)</u>
Earnings (loss) applicable to Morgan Stanley common shareholders	<u>3,594</u>	<u>(907)</u>	<u>1,495</u>	<u>(1,624)</u>
Amounts applicable to Morgan Stanley:				
Income (loss) from continuing operations	4,464	1,280	1,205	(1,269)
Net gain (loss) from discontinued operations	239	66	502	(19)
Net income (loss) applicable to Morgan Stanley	<u>4,703</u>	<u>1,346</u>	<u>1,707</u>	<u>(1,288)</u>
Earnings (loss) per basic common share:				
Income (loss) from continuing operations	2.48	(0.82)	1.00	(1.60)
Net gain (loss) from discontinued operations	0.16	0.05	0.45	(0.02)
Earnings (loss) per basic common share	<u>2.64</u>	<u>(0.77)</u>	<u>1.45</u>	<u>(1.62)</u>
Earnings (loss) per diluted common share:				
Income (loss) from continuing operations	2.44	(0.82)	0.95	(1.60)
Net gain (loss) from discontinued operations	0.19	0.05	0.44	(0.02)
Earnings (loss) per diluted common share	<u>2.63</u>	<u>(0.77)</u>	<u>1.39</u>	<u>(1.62)</u>
Average common shares outstanding:				
Basic	1,361,670,938	1,185,414,871	1,028,180,275	1,002,058,928
Diluted	<u>1,411,268,971</u>	<u>1,185,414,871</u>	<u>1,073,496,349</u>	<u>1,002,058,928</u>

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

	2010	2009	Fiscal 2008	One Month Ended 31 December 2008
Net income (loss)	\$5,702	\$1,406	\$1,778	\$(1,285)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments(1).....	221	112	(270)	(96)
Amortization of cash flow hedges(2).....	9	13	16	2
Net unrealized gain on securities available for sale(3)	36	—	—	—
Pension, postretirement and other related adjustments(4).....	(20)	(273)	216	(201)
Comprehensive income (loss)	\$5,948	\$1,258	\$1,740	\$(1,580)
Net income applicable to noncontrolling interests ..	999	60	71	3
Other comprehensive income (loss) applicable to noncontrolling interests.....	153	(8)	(110)	—
Comprehensive income (loss) applicable to Morgan Stanley	<u>\$4,796</u>	<u>\$1,206</u>	<u>\$1,779</u>	<u>\$(1,583)</u>

(1) Amounts are net of provision for (benefit from) income taxes of \$(222) million, \$(335) million, \$388 million and \$(52) million for 2010, 2009, fiscal 2008 and the one month ended 31 December 2008, respectively.

(2) Amounts are net of provision for income taxes of \$6 million, \$8 million, \$11 million and \$1 million for 2010, 2009, fiscal 2008 and the one month ended 31 December 2008, respectively.

(3) Amounts are net of provision for income taxes of \$25 million for 2010.

(4) Amounts are net of provision for (benefit from) income taxes of \$(10) million, \$(161) million, \$147 million and \$(132) million for 2010, 2009, fiscal 2008 and the one month ended 31 December 2008, 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, Greece, Korea, the Netherlands, New Zealand, Poland (opened on 1 October 2010), the Qatar Financial Centre and Switzerland (opened on 8 February 2010).

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 (80% holding). Morgan Stanley Services (UK) Limited (1.4% holding), Morgan Stanley Finance Limited (8.6% holding) and Morgan Stanley Strategic Funding Limited (10% holding) have minority holdings in it.

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
Colette Bowe	Director of Morgan Stanley International Limited and Bancroft's School
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
Luc Francois	Director of Morgan Stanley Securities Limited and Morgan Stanley International Limited and Director of OOO Morgan Stanley Bank
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
Colm Kelleher	Chairman and Director of Morgan Stanley International Limited, Director Morgan Stanley & Co, Incorporated and Morgan Stanley Bank NA
Robert Rooney	Director of Morgan Stanley International 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.

The directors of MSI plc additionally serve as officers in entities outside of the Morgan Stanley Group with which MSI plc may have entered into transactions. However, MSI plc believes that this does not give rise to any material potential conflicts of interest between the respective duties any such director owes to MSI plc and to any such other entity. Other than as disclosed in this paragraph, 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 and certain of its subsidiaries regulated by the United Kingdom Financial Services Authority, namely: MSI plc, Morgan Stanley Securities Limited, Morgan Stanley & Co. Limited, Morgan Stanley Investment Management Limited and Morgan Stanley Bank International Limited, (ii) the systems of internal controls of these entities, (iii) compliance with legal and regulatory requirements, (iv) the qualifications and independence of Morgan Stanley's external auditors, (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 Colette Bowe, Colin Fisher, Judith Eden, David Nicol, Edward Ocampo, Sir Adam Ridley, Jonathan Roberts, Mark Ormerod, Dirk Stephanek, Clare Woodman and Christopher Beatty. Colette Bowe, Colin Fisher, Sir Adam Ridley and David Nicol are not officers or employees of Morgan Stanley Group and are independent members of the Audit Committee. Colette Bowe is a non-executive director on the Board of MSI plc and MSI. The Audit Committee is 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	2,998,332,648 (100%)
USD Class B Non-Cumulative Preference Shares	Morgan Stanley UK Group	785,772,500 (100%)
USD Class C Non-Cumulative Preference Shares	Morgan Stanley Services (UK) Limited Morgan Stanley Finance Limited	7,000,000 (14%) 43,000,000 (86%)
USD Class D 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.

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.

Credit Default Swap Litigation

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 is pending in the United States District Court for the Southern District of New York ("**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 MSI Plc's prior written consent before it exercised a right 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 13 May 2010, the court granted Citi N.A.'s motion for judgment on the pleadings on its claim for breach of contract. On 8 October 2010, the court issued an order denying Citi N.A.'s motion for judgment on the pleadings as to MSI Plc's counterclaim for reformation and granting Citi N.A.'s motion for judgment on the pleadings as to MSI Plc's counterclaim for estoppel. On 25 May 2011, the court granted Citi N.A.'s motion for summary judgment on the reformation claim and denied MSI Plc summary judgment motion as to the same. MSI Plc intends to appeal the court's rulings. Based on currently available information, MSI Plc believes it could be required to make a payment of up to \$245 million. In compliance with the intra-group policies, revenues and costs related to the Capmark deal referenced above, including any potential litigation costs, are transferred to other Morgan Stanley Group undertakings outside the MSIP Group.

Structured Investment Vehicle Complaint

On 25 August 2008, MSI plc had been named as a defendant along with Morgan Stanley and two ratings agencies in a purported class action related to securities issued by a structured investment vehicle 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 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 MSI plc 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 MSI plc, and those claims were added in an amended complaint filed on 5 August 2010. Since the filing of the initial complaint, various additional plaintiffs have been added to the case. The deadline for new plaintiffs to join the case expired on 11 March 2011. There are currently 15 plaintiffs asserting individual claims related to approximately \$983 million of securities issued by the Cheyne SIV. Plaintiffs have not provided information quantifying the amount of compensatory damages they are seeking and are also seeking unspecified punitive damages. Based on currently available information, MSI plc 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 \$983 million of securities issued by the Cheyne SIV.

Save as disclosed above under the paragraphs entitled "Credit Default Swap Litigation" and "Structured Investment Vehicle Complaint", 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.

8. ADDITIONAL INFORMATION

Auditors

MSI plc's report and accounts for the financial years ended 31 December 2010 and 31 December 2009 have been audited by Deloitte LLP (formerly Deloitte & Touche 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 2010 (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 2010 (the date of the latest consolidated report and accounts of MSI plc).

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.\$2,998,332,648 divided into 2,998,332,648 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.\$785,722,500 divided into 785,722,500 class B non-cumulative preference shares of U.S.\$1 par value each (the "**USD Class B Non-Cumulative Preference Shares**"). The holders of the Class B Non-Cumulative Preference Share are not entitled to vote at any Shareholders meeting of MSI plc.
- (iv) U.S.\$50,000,000,000 divided into 50,000,000,000 class C non-cumulative preference shares of U.S.\$ (the "**USD Class C Non-Cumulative Preference Shares**"). The holders of the Class C Non-Cumulative Preference Share 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 D non-cumulative preference shares of U.S.\$1 per value each (the "**USD Class D Non-Cumulative Preference Shares**"). The holders of the Class D 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.

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"). Such information is derived from the audited reports and accounts of MSI plc as at 31 December 2010. The comparative figures reflected in the financial statements are from the audited reports and accounts of MSI plc as at 31 December 2009.

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 2010

	2010	2009
	<i>\$millions</i>	<i>\$millions</i>
Loans and receivables:	3,652	3,833
Net gains on financial instruments designated at fair value through profit or loss	318	57
Net gains on available-for-sale financial assets	59	16
Interest income	3,852	4,181
Interest expense	(3,953)	(4,403)
Other income	188	239
Other expense	(3,353)	(3,326)
PROFIT BEFORE TAX	763	597
Income tax expense	(516)	(472)
PROFIT FOR THE YEAR	247	125
Attributable to:		
Equity holders of the Company	246	120
Non-controlling interests	1	5
PROFIT FOR THE YEAR	247	125

All operations were continuing in the current and prior year.

Morgan Stanley & Co. International plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	2010	2009
	<i>\$millions</i>	<i>\$millions</i>
ASSETS		
Loans and receivables:		
Cash at bank	10,436	13,580
Securities borrowed	27,852	25,394
Reverse repurchase agreements	112,183	83,331
Trade receivables	64,027	51,642
Other receivables	13,567	16,184
	228,065	190,131
Financial assets classified as held for trading (of which approximately \$51,974 million (2009: \$54,185 million) were pledged to various parties)	270,994	244,073
Financial assets designated at fair value through profit or loss	9,359	1,907
Available-for-sale financial assets	44	43
Current tax	377	558
Deferred tax assets	48	47
Prepayments and accrued income	29	19
Property, plant and equipment	12	16
Joint venture	7	7
TOTAL ASSETS	508,935	436,801
LIABILITIES AND EQUITY		
Financial liabilities at amortised cost:		
Bank loans and overdrafts	60	126
Securities loaned	53,059	44,306
Repurchase agreements	102,528	65,766
Trade payables	75,639	64,557
Other payables	24,557	33,748
Subordinated loans	7,906	8,550
Preference shares	786	786
	264,535	217,839
Financial liabilities classified as held for trading	220,793	203,555
Financial liabilities designated at fair value through profit or loss	13,713	7,879
Provisions	29	22
Current tax	434	381
Deferred tax liabilities	5	7
Accruals and deferred income	291	297
Retirement benefit obligations	4	4
TOTAL LIABILITIES	499,804	429,984
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	5,578	3,078
Share premium account	513	513
Other reserves	1,251	1,337
Retained earnings	1,716	1,815
	9,058	6,743
Non-controlling interest	73	74
TOTAL EQUITY	9,131	6,817
TOTAL LIABILITIES AND EQUITY	508,935	436,801

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 ("**Morgan Stanley Jersey**") 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 R.D.C. Jackson-Proes 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
R.D.C. Jackson-Proes	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

The directors of Morgan Stanley Jersey additionally serve as officers in entities outside of the Morgan Stanley Group with which Morgan Stanley Jersey may have entered into transactions. However, Morgan Stanley Jersey believes that this does not give rise to any material potential conflicts of interest between the respective duties any such director owes to Morgan Stanley Jersey and to any such other entity. Other than as disclosed in this paragraph, 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 PO Box 403, St. Helier, Jersey, JE4 8WA, Channel Islands, who are Chartered Accountants and Registered Auditors.

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 2010.

Share Capital

At 31 December 2010, the total issued share capital equated to \$14,000 (2009: \$14,000) comprising of 10,000 British pound denominated ordinary shares of no par value. 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 2009 and 31 December 2010 was nil and nil respectively. The current assets of Morgan Stanley Jersey have increased from U.S.\$ 876,848,000 in 2009 to U.S.\$1,053,701,000 in 2010 with total liabilities increasing from U.S.\$ 876,392,000 in 2009 to U.S.\$1,053,245,000 in 2010. The financial information in respect of Morgan Stanley Jersey has been prepared in accordance with IFRS for the years ended 31 December 2009 and 31 December 2010.

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 Locatellikade 1, 1076 AZ Amsterdam, 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 Locatellikade 1, 1076 AZ Amsterdam, The Netherlands.

<i>Name</i>	<i>Title</i>	<i>Principal Outside Activity</i>
H. Herrmann	Director	Executive Director, Morgan Stanley
P.J.G de Reus	Director	Employee of TMF Nederland B.V.
R.H.L. de Groot	Director	Employee of TMF Nederland B.V.
TMF Management B.V.	Director	Dutch corporate service provider

<i>Name</i>	<i>Title</i>	<i>Principal Outside Activity</i>
Directors of TMF Management B.V.		
M.C. van der Sluijs-Plantz	Director	Employee of TMF Nederland B.V.
J.R. de Vos van Steenwijk	Director	Employee of TMF Nederland B.V.
T.J. Van Rijn	Director	Employee of TMF Nederland B.V.
R.W. de Koning	Director	Employee of TMF Nederland B.V.

The directors of MSBV additionally serve as officers in entities outside of the Morgan Stanley Group with which MSBV may have entered into transactions. However, MSBV believes that this does not give rise to any material potential conflicts of interest between the respective duties any such director owes to MSBV and to any such other entity. Other than as disclosed in this paragraph, 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.

As of the date of this Registration Document, MSBV does not have an audit committee. The accounts of MSBV are approved by the Board of MSBV.

6. MAJOR SHAREHOLDERS

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, 1040 HC Amsterdam, The Netherlands, have audited the financial statements of MSBV for the years ended 31 December 2009 and 31 December 2010 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 for the years ended 31 December 2009 and 31 December 2010.

Trend Information

MSBV intends to continue issuing securities and entering into hedges in respect of such issues of securities. On 27 May 2011, the annual general meeting of the shareholders of MSBV approved payment to the ordinary shareholder of a final dividend of EUR13,175,000 for the year ended 31 December 2010 and an interim dividend of EUR698,000 for the year ending 31 December 2011. Other than the payment of this dividend, there has been no significant change in the financial, or trading position nor any material adverse change in the prospects of MSBV since 31 December 2010.

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 5 January 2009 whereby the financial year-end was amended from 30 November to 31 December.

Selected Financial Information

The net revenue for the periods ended December 2010 and December 2009 was EUR 1,638,000 and EUR 1,539,000 respectively. The profit before tax for the financial years ended 2010 and 2009 was EUR 2,188,000 and EUR 2,045,000 respectively.

The current assets of MSBV increased from EUR 2,900,852,000 in 2009 to EUR 5,494,136,000 in 2010 with total liabilities increasing from EUR 2,874,297,000 in 2009 to EUR 5,465,943,000 in 2010.

In the prior period, MSBV changed its accounting reference date from 30 November to 31 December. The comparative figures are for the thirteen month period to 31 December 2009 and are therefore not entirely comparable with the amounts for the year ended 31 December 2010.

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.	Cayman Islands
Bayfine Cayman Ltd.	Cayman Islands
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
Dean Witter Realty Credit Corporation	Delaware
Dean Witter Realty Fourth Income Properties Inc.	Delaware
Dean Witter Realty Growth Properties Inc.	Delaware
Dean Witter Realty Income Properties I Inc.	Delaware
Dean Witter Realty Income Properties II Inc.	Delaware
Dean Witter Realty Income Properties III Inc.	Delaware
Dean Witter Realty Yield Plus Inc.	Delaware
Dean Witter Realty Yield Plus II Inc.	Delaware
Realty Management Service Inc.	Delaware
Dean Witter Reynolds Venture Equities Inc.	Delaware
Early Adopter Fund Manager Inc.	Delaware
Fuegos LLC	Delaware
Fundlogic (Jersey) Limited	Jersey, Channel Is.
FV-I, Inc.	Delaware
GSS III Funding, Inc.	Delaware
GSS III Funding Partner, Inc.	Delaware
Global Special Situations III Funding L.P. *	Delaware
Japan Core Funding, Inc.	Delaware
Jolter Investments Inc.	Delaware
Morgan Rundle Inc.	Delaware
MR Ventures Inc.	Delaware
Morgan Stanley & Co. Incorporated	Delaware
Corporate Services Support Corp.	Delaware
Dean Witter Reynolds Insurance Agency (Ohio) Inc.	Ohio
Dean Witter Reynolds Insurance Agency (Oklahoma) Inc.	Oklahoma
Dean Witter Reynolds Insurance Agency (Texas) Inc.	Texas
Dean Witter Reynolds Insurance Services, Inc. (Puerto Rico)	Puerto Rico
Morgan Stanley Dean Witter Insurance Services (Arizona) Inc.	Arizona

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Flexible Agreements Inc.	Delaware
Morgan Stanley Kew Limited	Cayman Islands
MS Alpha Holdings LLC	Delaware
Morgan Stanley JV Holdings LLC *	Delaware
Morgan Stanley Smith Barney Holdings LLC *	Delaware
Alternative Investments Mgr. Ltd	Cayman Islands
AST StockPlan LLC	Delaware
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
Morgan Stanley HedgePremier GP LLC	Delaware
Morgan Stanley Smith Barney Australia Pty Ltd	Western Australia, Australia
Bow Lane Nominees Pty. Ltd.	Victoria, Australia
Bowyang Nominees Pty Ltd.	New South Wales, Australia
Skeet Nominees Pty Ltd.	Victoria, Australia
Morgan Stanley Smith Barney Cayman Financing Services	Cayman Islands
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 Holdings Limited (in members' voluntary liquidation)	United Kingdom
Quilter & Co. Limited	United Kingdom
C.I.P.M. Nominees Limited *	Jersey, Channel Is.
Coastal Nominees (International) Limited	United Kingdom
Coastal Nominees Limited	United Kingdom
Hawkshead Trust Nominees Limited	United Kingdom
Pembroke Quilter (Ireland) Nominees Limited	Ireland
QGCI Nominees Limited *	Jersey, Channel Is.
Quilpep Nominees Limited	United Kingdom
Quilter Fund Management Ltd.	United Kingdom
Quilter Nominees Limited	United Kingdom
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	Switzerland
Bank Morgan Stanley AG	Switzerland
MS Securities Services Inc.	Delaware
PI Co-Invest LLC*	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Prime Dealer Services Corp.	Delaware
V2 Holdings (USA), Inc.	Delaware
Gee Street Records, Inc.	Delaware
V2 Records, Inc.	Delaware
Morgan Stanley ABS Capital I Inc.	Delaware
Morgan Stanley ABS Capital II Inc.	Delaware
Morgan Stanley Altabridge Ltd.	Cayman Islands
Morgan Stanley Amanu LLC	Delaware
Makatea JV Inc.	Delaware
Morgan Stanley Moorea Inc. *	Delaware
Morgan Stanley Pinaki Limited	Cayman Islands
Morgan Stanley Raraka Limited	Cayman Islands
Morgan Stanley Tepoto Limited	Cayman Islands
Morgan Stanley Asset Funding Inc.	Delaware
Morgan Stanley Becketts LLC	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	Cayman Islands
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 Semaine Sarl	Luxembourg
Ras Dashen Cayman Ltd.	Cayman Islands
Morgan Stanley Firecrest LLC	Delaware
Morgan Stanley Plover Limited	United Kingdom
Fyled Energy Limited	United Kingdom
Morgan Stanley Foxton Limited Partnership	United Kingdom
Morgan Stanley Sandpiper Limited	United Kingdom
Sand Lake Limited Partnership	United Kingdom
Morgan Stanley Starling Limited	United Kingdom
Morgan Stanley Puffin LLC	Delaware
Morgan Stanley Capital I Inc.	Delaware
Morgan Stanley Capital Group Inc.	Delaware
Aegir Services International Ltd.	Bermuda
Cayman Energy Ltd.	Cayman Islands
Ghent Energy Limited	Cayman Islands
Heidmar Group Inc.	Delaware
Houston Bayport Energy LLC	Delaware
Morgan Stanley Capital Group Czech Republic s.r.o.	Czech Republic
Morgan Stanley Capital Group Energy Europe Limited	United Kingdom

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Capital Group (España), S.L.	Spain
Morgan Stanley Clean Development, LLC	Delaware
Morgan Stanley Renewables Development I (Cayman) Limited	Cayman Islands
Morgan Stanley Commodities Investment Limited	Cayman Islands
Morgan Stanley Commodity Opportunities Fund LLC	Delaware
Morgan Stanley Energy Development Corp.	Delaware
Morgan Stanley Capital Group Cyprus Limited *	Cyprus
Morgan Stanley Petroleum Development, LLC	Delaware
Wellbore Capital, LLC *	Delaware
MS TELA LLC	Delaware
MSDW Power Development Corp.	Delaware
Cogeneracion Prat S.A.	Spain
Minnewit B.V.	The Netherlands
MS Coal Trading Corp.	Delaware
MS Solar Canada Holdings Inc.	Delaware
MS Solar Holdings Canada ULC	Canada
MS Solar Solutions Canada ULC	Canada
MS Solar Holdings Inc.	Delaware
Solar Access CA, LLC	Delaware
MS Solar Solutions Corp.	Delaware
Naniwa Energy LLC	Delaware
Naniwa Terminal LLC	Delaware
Van Twillwer B.V.	The Netherlands
MS Permian LLC	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	Cayman Islands
TransMontaigne Inc.	Delaware
Olco Petroleum Group Inc.	Quebec
Canterm Canadian Terminals Inc.	Quebec
TransMontaigne Product Services Inc.	Delaware
TransMontaigne Services Inc.	Delaware
TransMontaigne GP L.L.C.	Delaware
Transworld Agricola Limited	Isle of Man
Utility Contract Funding II, L.L.C.	Delaware
Morgan Stanley Capital Management, LLC	Delaware
Morgan Stanley Domestic Holdings, Inc.	Delaware
Morgan Stanley Bank, N.A.	Federal Charter
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 Services Inc.	Delaware
Morgan Stanley Capital Trust III	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Capital Trust IV	Delaware
Morgan Stanley Capital Trust V	Delaware
Morgan Stanley Collateralized Financing LLC	Delaware
Morgan Stanley Commercial Financial Services, Inc.	Delaware
Morgan Stanley Commercial Mortgage Capital, Inc.	Delaware
Morgan Stanley Content Corporation	Delaware
Morgan Stanley Darica Funding, LLC	Delaware
Ascension Loan Vehicle, LLC	Delaware
Morgan Stanley Dean Witter Equity Funding, Inc.	Delaware
Morgan Stanley Dean Witter International Incorporated	Delaware
Dean Witter Reynolds GmbH	Germany
Morgan Stanley (DWRRBS) Limited	United Kingdom
Morgan Stanley Derivative Products Inc.	Delaware
Morgan Stanley Distributors Inc.	Delaware
Morgan Stanley Domestic Leasing Inc.	Delaware
Morgan Stanley Durango LLC	Delaware
Morgan Stanley Afdera Cayman Limited	Cayman Islands
Morgan Stanley Amba Alagi LLC *	Delaware
Morgan Stanley Ambasel LLC *	Delaware
Morgan Stanley Elan LLC	Delaware
Cimarron Investments LLC	Delaware
Riva Investments LLC	Delaware
Morgan Stanley Emerging Markets Inc.	Delaware
Always Limited	Cayman Islands
Inter Capital Alliance Asset Management Company Limited *	Thailand
Inter Capital Alliance Holding Limited *	Thailand
MS China 1 Limited	Cayman Islands
DAH Limited	Cayman Islands
Dare Limited	Cayman Islands
MS China 2 Limited	Cayman Islands
MS China 3 Limited	Cayman Islands
MS China 4 Limited	Cayman Islands
MS China 5 Limited	Cayman Islands
MSGHYLADD *	Ireland
Philippine Asset Investment (SPV - AMC) Inc.	The Philippines
Morgan Stanley Equity Services Inc.	Delaware
Morgan Stanley Europa LLC	Delaware
Morgan Stanley Elara Cayman Ltd.	Cayman Islands
Morgan Stanley Eurydome Cayman Ltd.	Cayman Islands
Morgan Stanley Callisto Cayman Ltd.	Cayman Islands
Morgan Stanley Luxembourg Holdings Sàrl	Luxembourg
Morgan Stanley Europe Reinsurance S.A.	Luxembourg
Morgan Stanley Global Reinsurance SA	Luxembourg
Morgan Stanley Metis (Gibraltar) Limited*	Gibraltar
Morgan Stanley Ganymede Luxembourg Sarl	Luxembourg
Morgan Stanley Ananke Luxembourg Sarl	Luxembourg
Morgan Stanley Carme Luxembourg Sarl	Luxembourg

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Eukelade Luxembourg Sarl	Luxembourg
Morgan Stanley Luxembourg International Reinsurance SA	Luxembourg
Morgan Stanley Chaldene Sarl	Luxembourg
Morgan Stanley Luxembourg Reinsurance S.A. *	Luxembourg
Morgan Stanley Himalia Cayman Limited	Cayman Islands
Morgan Stanley Sinope Cayman Limited	Cayman Islands
Morgan Stanley Adrastea Netherlands B.V.	The Netherlands
Morgan Stanley IO Cayman Limited	Cayman Islands
Morgan Stanley Iocaste Cayman Limited	Cayman Islands
Morgan Stanley Pasiphae Netherlands B.V.	Cayman Islands
Morgan Stanley Leda Cayman Ltd.	Cayman Islands
Morgan Stanley Financial Products Inc.	Delaware
Morgan Stanley Fund Services Inc.	Delaware
Morgan Stanley Fund Services (Bermuda) Ltd.	Bermuda
Morgan Stanley Fund Services (Cayman) Ltd.	Cayman Islands
Morgan Stanley Fund Services (Ireland) Limited	Ireland
Morgan Stanley Fund Services (UK) Limited	United Kingdom
Morgan Stanley Fund Services USA LLC	Delaware
Morgan Stanley Galway LLC	Delaware
Morgan Stanley Global Emerging Markets, Inc.	Delaware
Morgan Stanley Global Funding Trust	Delaware
Morgan Stanley Global Strategies Management Holdings, Inc.	Delaware
Morgan Stanley Global Strategies Management LLC	Delaware
Morgan Stanley Hedging Co. Ltd. *	Cayman Islands
Morgan Stanley International Holdings Inc. *	Delaware
European Principal Assets Limited	United Kingdom
Credito Fondario S.p.A	Italy
Reslocit SRL	Italy
Psylon Holding Limited	Cyprus
Limited Liability Company Rinocenter *	Russian Federation
Volmar Holdings Limited	Cyprus
Fosbury Investments Cooperatieve U.A.	The Netherlands
Morgan Stanley AB	Sweden
Morgan Stanley Advantage Services Private Limited *	India
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 *	Cayman Islands
Morgan Stanley (Hong Kong) Holdings Limited	Hong Kong
Morgan Stanley Asia Regional (Holdings) IV Limited *	Cayman Islands
Morgan Stanley Hong Kong 1238 Limited *	Hong Kong
Morgan Stanley Asia Securities Products LLC	Cayman Islands
Morgan Stanley Asia Limited*	Hong Kong
Morgan Stanley Asia Products Limited	Cayman Islands

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Asia (Taiwan) Ltd.	Republic of China
Morgan Stanley Hong Kong Futures Limited *	Hong Kong
Morgan Stanley Hong Kong Securities Limited *	Hong Kong
Morgan Stanley Pacific Limited *	Hong Kong
Morgan Stanley Investment Consultancy (Beijing) Company Limited	People's Rep. of China
Morgan Stanley Swallow Limited	United Kingdom
Hampshire Trading B.V. *	The Netherlands
Wiltshire Trading B.V. *	The Netherlands
Morgan Stanley Funding Limited	Jersey, Channel Is.
Yorkshire Trading B.V.	The Netherlands
Morgan Stanley Hong Kong 1239 Limited	Hong Kong
Morgan Stanley Information Technology (Shanghai) Limited	People's Rep. of China
Morgan Stanley Services Limited	Australia
MSDW-JL Holdings I Limited	Cayman Islands
Morgan Stanley Bosphorus Limited	Cayman Islands
Morgan Stanley Canmore Limited	Cayman Islands
Morgan Stanley Caledonia Limited	Cayman Islands
Morgan Stanley Japan (Holdings) Ltd.	Cayman Islands
City Forum Capital Limited	Cayman Islands
Morgan Stanley Asia Regional (Holdings) III LLC	Cayman Islands
Morgan Stanley (Singapore) Holdings Pte. Ltd.	Singapore
Morgan Stanley Asia (Singapore) Pte.	Singapore
Morgan Stanley Asia (Singapore) Securities Pte Ltd	Singapore
Morgan Stanley Capital Group (Singapore) Pte.	Singapore
Morgan Stanley Investment Management Company	Singapore
Morgan Stanley Labuan Investment Bank Limited	Labuan/Malaysia
Morgan Stanley Singapore Pte. Ltd.	Singapore
Morgan Stanley Dean Witter Japan Group, Ltd.	Cayman Islands
MSDW-JL Holdings II Limited *	Cayman Islands
Morgan Stanley Products Limited	Cayman Islands
MS Capital Cayman Ltd.	Cayman Islands
MS Remora Ltd.	Cayman Islands
MSJL Holdings 4682 Limited	Cayman Islands
MS CYM Preferred Ltd.	Cayman Islands
MSJS Preferred YK	Japan
MSJL Holdings Limited	Cayman Islands
Morgan Stanley Japan Holdings Co., Ltd. *	Japan
Morgan Stanley Credit Products Japan Co., Ltd.	Japan
TM, Limited	Japan
Hybrid Capital Second K.K.	Japan
Jipang Mortgage Finance Co., Ltd.	Japan

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Asset & Investment Trust Management Co., Limited	Japan
Morgan Stanley Capital Group Japan Co., Ltd	Japan
Morgan Stanley Japan Business Group Co., Ltd.	Japan
Morgan Stanley Japan Group Co., Ltd.	Japan
Morgan Stanley MUFG Securities Co., Ltd. *	Japan
Morgan Stanley Capital K.K. *	Japan
Morgan Stanley PTK Co., Ltd.	Japan
Morgan Stanley SPG KK	Japan
Morgan Stanley Tokyo Properties K.K.	Japan
MS Real Estate Advisors Co., Ltd.	Japan
Panorama Hospitality, K.K.	Japan
MSDW Birkdale Limited	Cayman Islands
MSDW Muirfield Limited	Cayman Islands
MSDW Lytham Limited	Cayman Islands
Swilken Limited	Cayman Islands
Morgan Stanley Asia Pacific Services Limited	United Kingdom
Morgan Stanley Asset Management S.A. *	Luxembourg
Morgan Stanley Australia Finance Limited	Australia
Morgan Stanley (Australia) Real Estate Holdings Pty Limited	Australia
Morgan Stanley (Australia) Servco Pty Limited	Australia
Morgan Stanley International Real Estate Limited	Australia
Morgan Stanley Bank AG	Germany
Morgan Stanley B.V.	The Netherlands
Morgan Stanley Canada Limited	Canada
Morgan Stanley Capital (Luxembourg) S.A. *	Luxembourg
Morgan Stanley Capital, S.A. de C.V., SOFOM, E.N.R. *	Mexico
Morgan Stanley Cayman Holdings I Limited	Cayman Islands
Morgan Stanley Commodities Trading Cayman Holdings Limited	Cayman Islands
Morgan Stanley Commodities Trading Hong Kong Holdings Limited	Hong Kong
Morgan Stanley Commodities Trading (China) Limited	People's Rep. of China
MS Gamma Holdings LLC	Delaware
Cabot 37 Limited *	United Kingdom
Cabot 34 Limited	United Kingdom
Cabot 35 Limited	United Kingdom
Morgan Stanley Hong Kong Limited *	Hong Kong
Morgan Stanley Hong Kong Nominees Limited *	Hong Kong
Morgan Stanley Hungary Analytics Limited	Hungary
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 Angel Limited	Cayman Islands

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Suffolk Trading B.V.	The Netherlands
V2 Music (Holdings) Limited	United Kingdom
Morgan Stanley Leitrim Sarl *	Luxembourg
Morgan Stanley Kerry Limited	Cayman Islands
Morgan Stanley Richmond Limited	Gibraltar
V2 Music Publishing (Holdings) Limited	United Kingdom
Morgan Stanley Bank International Limited	United Kingdom
Morgan Stanley Bank International (China) Limited	People's Rep. of China
Morgan Stanley Capital Group Limited	United Kingdom
Morgan Stanley (Europe) Limited	United Kingdom
Morgan Stanley Finance (C.I.) Limited*	Jersey, Channel Is.
Morgan Stanley Gala Limited	Jersey, Channel Is.
Morgan Stanley Finance Limited	United Kingdom
Morgan Stanley Caballa Limited	United Kingdom
Morgan Stanley Gastoro Investments Limited	United Kingdom
Morgan Stanley Pintado Investments Limited	United Kingdom
Woburn IV Cooperatieve U.A. (in Liquidation)	The Netherlands
Woburn V Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Corporate Holdings Limited	United Kingdom
MSDW Corporate Investments I Limited	Jersey, Channel Is.
MSDW Corporate Investments II Limited	Jersey, Channel Is.
Sunningdale Cooperatieve U.A. (in Liquidation)	The Netherlands
Wentworth Cooperatieve U.A. (in Liquidation)	The Netherlands
Woburn Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Investments (UK) Limited*	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 Property Management (UK) Limited (in Liquidation) *	United Kingdom
Morgan Stanley Services (UK) Limited	United Kingdom
Morgan Stanley UK Group*	United Kingdom
Morgan Stanley & Co. International plc *	United Kingdom
Cabot 38 Limited	United Kingdom
Morgan Stanley Humboldt Investments Limited	United Kingdom
Clearcreek, S.L.	Spain
Morgan Stanley Langton Limited	United Kingdom
Morgan Stanley Heythorp Investments *	Ireland
Morgan Stanley Equity Holdings (Netherlands) B.V.	Netherlands

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Longcross Limited	United Kingdom
Morgan Stanley Derivative Products (Netherlands) B.V.	The Netherlands
Drake II Investments Limited	Cayman Islands
Morgan Stanley Maple Limited	United Kingdom
Morgan Stanley Strategic Investments Limited	United Kingdom
Morgan Stanley Lyle Investments Limited (in Liquidation)	United Kingdom
Morgan Stanley Dover Investments Limited	United Kingdom
Morgan Stanley Fisher Investments Limited	United Kingdom
Ashwood Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Lundy Investments Limited	United Kingdom
Wadway 1 Cooperatieve U.A. (in Liquidation)	The Netherlands
Wadway2 Cooperatieve U.A. (in Liquidation)	The Netherlands
Woburn VI Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Elz GmbH	Germany
Morgan Stanley Saar GmbH	Germany
Morgan Stanley Equity Finance (Denmark) ApS	Denmark
Morgan Stanley Equity Financing Services (Sweden) AB	Sweden
Morgan Stanley (France) SAS	France
Morgan Stanley Havel GmbH	Germany
Morgan Stanley Mosel GmbH	Germany
Morgan Stanley Kochi Limited	Cayman Islands
Camomile Liffey Investments (UK) Limited	Cayman Islands
Kerala Investments Limited	Cayman Islands
Morgan Stanley Adur Limited	Cayman Islands
Morgan Stanley Cork Limited	Cayman Islands
Morgan Stanley Malabar Limited	Cayman Islands
Morgan Stanley Creedy Limited	Cayman Islands
Morgan Stanley Brunton Sarl *	Luxembourg
Morgan Stanley Putney Limited	Gibraltar
Morgan Stanley Durham Investments Limited	United Kingdom
Honeybourne Holdings Limited *	Gibraltar
Morgan Stanley Cumbria Investments *	United Kingdom
Morgan Stanley Berkshire Investments Limited	Jersey, Channel Is.
Morgan Stanley Cheshire Investments Limited	Jersey, Channel Is.
Morgan Stanley Dorset Investments Limited	United Kingdom

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Hoxne Limited	Gibraltar
Morgan Stanley Lowman Limited	Cayman Islands
Morgan Stanley Mildenhall S.a.r.l.	Luxembourg
Morgan Stanley Byzantine S.a.r.l.	Luxembourg
Morgan Stanley Rosetta Investments S.a.r.l.*	Luxembourg
Morgan Stanley Finchley Limited	Gibraltar
Morgan Stanley Rasam Limited *	Cayman Islands
Morgan Stanley Vindolanda Equity S.a.r.l.	Luxembourg
Morgan Stanley Shannon Limited	Cayman Islands
Morgan Stanley Shoreditch Limited	Cayman Islands
Newburgh Investments Limited	United Kingdom
Morgan Stanley Mandarin Limited	United Kingdom
Bonaire Cooperatieve U.A.	The Netherlands
Metsys Cooperatieve U.A. (in Liquidation)	The Netherlands
Orangewood Cooperatieve U.A.	The Netherlands
Saenredam Cooperatieve U.A.	The Netherlands
Saldanha Cooperatieve U.A.	The Netherlands
Tamboer Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Piccadilly Limited	Cayman Islands
Morgan Stanley Rhein SARL	Luxembourg
Morgan Stanley Rivelino Investments Limited	United Kingdom
Morgan Stanley Dolor Limited	Cayman Islands
Morgan Stanley Tostao Limited	Cayman Islands
Morgan Stanley Silvermere Limited *	United Kingdom
Morgan Stanley Bowline Limited *	United Kingdom
Morgan Stanley Penberthy Limited *	United Kingdom
Archimedes Investments Cooperatieve U.A.	The Netherlands
Hanger Straight Limited	Cayman Islands
Morgan Stanley Shanklin Limited	Cayman Islands
Morgan Stanley Northcote Investments Limited	United Kingdom
Bermont Cooperatieve U.A. (in Liquidation)	The Netherlands
Borderwijk Cooperatieve U.A.	The Netherlands
Morgan Stanley Norton Investments Limited	United Kingdom
Morgan Stanley Victoria Limited	Cayman Islands
Morgan Stanley Harlequin Investments Limited *	United Kingdom
Morgan Stanley Pintail Investments Limited *	United Kingdom

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Shavano Cooperatieve U.A.	The Netherlands
Morgan Stanley Hampstead Limited*	Cayman Islands
Morgan Stanley Yarmouth Limited	Cayman Islands
Morgan Stanley Taiwan Limited	Republic of China
Morgan Stanley Waterloo Limited *	Cayman Islands
Moor Lane Investments Limited	Jersey, Channel Is.
MSDW Portrush Limited *	Cayman Islands
Morgan Stanley Batherm Limited	Cayman Islands
Morgan Stanley Ursa SARL	Luxembourg
Morgan Stanley Hercules SARL	Luxembourg
Morgan Stanley Lyra SARL*	Luxembourg
Morgan Stanley Temple Limited	Gibraltar
Morgan Stanley Propus Limited	Gibraltar
Morgan Stanley Turnberry Limited	United Kingdom
Morgan Stanley Mallard Investments Limited	United Kingdom
Carysforth Investments Limited	Cayman Islands
Haddington Investments Limited	Cayman Islands
Morgan Stanley Millbrae Investments B.V.*	The Netherlands
Morgan Stanley Medway Limited	United Kingdom
Morgan Stanley Cadzand II Limited	Cayman Islands
Morgan Stanley Montgomerie Investments Limited	United Kingdom
Woburn III Cooperatieve U.A.	The Netherlands
Morgan Stanley Ock Limited	Cayman Islands
Morgan Stanley Weaver Sarl	Luxembourg
Morgan Stanley Cadzand III Limited *	Cayman Islands
Morgan Stanley Knightsbridge Limited *	Cayman Islands
Morgan Stanley Oostburg B.V.	The Netherlands
Morgan Stanley Oostburg and Partners S.e.c.s.*	Luxembourg
Ramey Sarl	Luxembourg
Morgan Stanley Raleigh Investments Limited*	United Kingdom
Morgan Stanley Langtree Investments B.V.	The Netherlands
Drake Investments Limited *	Cayman Islands
Norwegian Energy Limited *	England & Wales
Morgan Stanley & Co. Limited *	United Kingdom
East Sussex Financing Limited	Jersey, Channel Is.
Cottenden Financing Unlimited	Jersey, Channel Is.
Morgan Stanley Amalthea UK Limited	United Kingdom
Morgan Stanley Securities Limited*	United Kingdom
Morstan Nominees Limited	United Kingdom
Morgan Stanley UK Limited	United Kingdom
Morgan Stanley Pension Trustee Limited	United Kingdom

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Trustee Limited	United Kingdom
Morgan Stanley Wertpapiere GmbH	Germany
OOO Morgan Stanley Bank	Russian Federation
Morgan Stanley Strategic Funding Limited *	United Kingdom
MS Leasing UK Limited (In Members' Voluntary Liquidation) *	United Kingdom
MSDW Fixed Income Limited	Jersey, Channel Is.
Morgan Stanley Jubilee Investments Limited	United Kingdom
Augusta Cooperatieve U.A. (in Liquidation)	The Netherlands
Morgan Stanley Eden Investments Limited	United Kingdom
Morgan Stanley Investment Consultancy (Shanghai) Limited	People's Rep. of China
Morgan Stanley Investment Management (Australia) Pty Limited	Australia
Morgan Stanley Investment Management Consultancy (Shanghai) Limited	People's Rep. of China
Morgan Stanley Investment Management (Korea) Limited	Republic of Korea
Morgan Stanley Investments (Mauritius) Limited	Mauritius
Morgan Stanley (Israel) Ltd.	Israel
Morgan Stanley Japan Limited	Cayman Islands
Morgan Stanley Latin America Incorporated	Delaware
Banco Morgan Stanley S.A. *	Brazil
Morgan Stanley Administradora de Carteiras S.A. *	Brazil
Morgan Stanley C.T.V.M. S.A. *	Brazil
Morgan Stanley do Brasil Participações e Serviços	Brazil
Morgan Stanley Uruguay Ltda. *	Uruguay
Morgan Stanley Management Service (Shanghai) Limited	People's Rep. of China
Morgan Stanley Mauritius Company Limited	Mauritius
Alanoushka Finlease and Investments Private Limited *	India
Morgan Stanley Asia Regional (Holdings) II LLC	Cayman Islands
Morgan Stanley India Capital Private Limited *	India
Morgan Stanley India Primary Dealer Private Limited *	India
Morgan Stanley India Securities Private Limited *	India
Morgan Stanley India Company Private Limited *	India
Morgan Stanley India Financial Services Private Limited *	India
Morgan Stanley India Services Private Limited *	India
Morgan Stanley Investment Management Private Limited *	India
MSIM Global Support and Technology Services Private Limited *	India
Morgan Stanley Menkul Degerler A.S. *	Turkey
Morgan Stanley México, Casa de Bolsa, S.A. de C.V. *	Mexico
Morgan Stanley (Thailand) Limited *	Thailand
Morgan Stanley San Donato SARL *	Luxembourg
Morgan Stanley Syrah Two Limited *	Cayman Islands
Morgan Stanley Donegan Limited	Cayman Islands
Morgan Stanley Middle East Inc.	Delaware
Morgan Stanley Saudi Arabia *	Saudi Arabia

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Mortgage Servicing Limited	United Kingdom
Prime Commercial Mortgage Servicing GmbH	Germany
Morgan Stanley Pacific Services Limited	United Kingdom
Morgan Stanley Poggio Secco Limited	Cayman Islands
Alpino Investments Limited *	Cayman Islands
Morgan Stanley Clare SARL	Luxembourg
Morgan Stanley Private Equity Management Korea, Ltd.	Republic of Korea
Morgan Stanley Real Estate Investment GmbH	Germany
Morgan Stanley SGR (Società di Gestione del Risparmio) SpA *	Italy
Morgan Stanley Spanish Holdings S.L.U.	Spain
Morgan Stanley SV, SAU	Spain
Morgan Stanley Structured Products (Cayman) I Limited	Cayman Islands
Morgan Stanley Trading Beteiligungs-GmbH	Germany
Morgan Stanley Ukraine LLC *	Ukraine
MS Equity Financing Services (Luxembourg) S.à.r.l.	Luxembourg
MS Avondale 1 B.V.	The Netherlands
MS Avondale 2 B.V.	The Netherlands
MS China 16 Limited	Cayman Islands
MS Italy (Holdings) Inc.	Delaware
MSAM/Kokusai (Cayman Islands), Inc.	Cayman Islands
MSAM/Kokusai II (Cayman Islands), Inc.	Cayman Islands
MSDW Finance (Netherlands) BV	The Netherlands
MSDW Investment Holdings (US) Inc.	Delaware
Morgan Stanley UK Trader	United Kingdom
Morgan Stanley Corporate Trader *	United Kingdom
Morgan Stanley Financial Trader	United Kingdom
Morgan Stanley Equity Trader *	United Kingdom
Morgan Stanley Weser GmbH	Germany
MSDW Investments (Cayman) Limited	Cayman Islands
MSDW Investment Holdings (UK) Ltd.	United Kingdom
Cabot 1 Limited*	United Kingdom
Applied Risc Technologies Limited	United Kingdom
Cornwall Financing UK Limited	Jersey, Channel Is.
Morgan Stanley Cornwall Investments UK Limited	Jersey, Channel Is.
Morgan Stanley Investment Holdings Jersey Limited	Jersey, Channel Is.
Lancashire Trading B.V.	The Netherlands
Norfolk Trading B.V.	The Netherlands
MSL Incorporated	Delaware
Morgan Stanley SPV I (Cayman Islands) LLC *	Cayman Islands
Providence DE LLC	Delaware
Providence Canada Co.	Canada
Providence Cayman Investments Limited *	Cayman Islands
Providence DE Investments Co.	Delaware
PT Morgan Stanley Asia Indonesia *	Indonesia
PT Morgan Stanley Indonesia *	Indonesia
Morgan Stanley International Incorporated *	Delaware

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Morgan Stanley South Africa (Pty) Limited	South Africa
Morgan Stanley Asia Holdings V Inc.	Delaware
Morgan Stanley (Australia) Holdings Pty Limited	Australia
Morgan Stanley Australia Limited	Australia
Morgan Stanley (Australia) Securities Holdings Pty Limited	Australia
Morgan Stanley Australia Securities Limited	Australia
Morgan Stanley Australia Securities (Nominee) Pty Limited	Australia
Morgan Stanley Capital Holdings *	United Kingdom
Morgan Stanley Dean Witter Financial Holdings, LLC *	Delaware
Morgan Stanley Hong Kong Finance Limited *	Hong Kong
Morgan Stanley UK Capital Limited	United Kingdom
Morgan Stanley International Finance SA *	Luxembourg
Morgan Stanley International Insurance Ltd.	Bermuda
Peconic Indemnity Company	Arizona
Morgan Stanley SerCo Solutions Pty Limited	Australia
Morgan Stanley SPV II (Cayman Islands) LLC	Cayman Islands
MSDWIH Limited	Cayman Islands
Cabot 2 Limited	United Kingdom
Morgan Stanley Investment Advisors Inc.	Delaware
Morgan Stanley Services Company Inc.	Delaware
Morgan Stanley Investment Management Inc.	Delaware
Morgan Stanley AIP Funding Inc.	Delaware
Morgan Stanley Alternative Investments LLC	Delaware
GTB Capital Partners GP LP *	Delaware
Morgan Stanley AIP (Cayman) GP Ltd.	Cayman Islands
Morgan Stanley AIP Falconer 2010 GP LP *	Delaware
Morgan Stanley AIP GP LP	Delaware
Morgan Stanley Alternative Investment Partners LP	Delaware
Morgan Stanley Comprehensive Alternatives Fund I 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
Morgan Stanley GSOF SLP Ltd.	Cayman Islands
Morgan Stanley GSOF SLP L.P. *	Cayman Islands
Morgan Stanley PMF III GP LP *	Delaware
Morgan Stanley PMF IV GP LP	Delaware
Morgan Stanley PMF IV SLP Ltd.	Cayman Islands
Morgan Stanley PMF IV SLP L.P.	Cayman Islands
Morgan Stanley PMF V GP LP	Delaware
Morgan Stanley PMF V SLP Ltd.	Cayman Islands
Morgan Stanley PMF V SLP L.P.	Cayman Islands
Morgan Stanley SCRSIC Strategic Partnership Fund GP Inc.	Delaware
Morgan Stanley Distribution, Inc.	Pennsylvania

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley (Jersey) Limited	Jersey, Channel Is.
Morgan Stanley Leveraged Equity Fund II, Inc.	Delaware
Morgan Stanley Private Equity Asia (Cayman) Limited	Cayman Islands
Morgan Stanley Private Equity Asia Limited	Hong Kong
Morgan Stanley Private Equity Advisory (Beijing) Limited	Beijing, PRC
Morgan Stanley Leveraged Equity Holdings Inc.	Delaware
Morgan Stanley Life Holding Incorporated	Delaware
Longevity Insurance Company	Texas
Morgan Stanley ML Acquisition Inc.	Delaware
Morgan Stanley Mortgage Capital Holdings LLC	New York
Morgan Stanley Capital REIT II Inc.	Delaware
Morgan Stanley Capital REIT III Inc.	Delaware
Morgan Stanley Dean Witter Asset Capital Inc.	Delaware
Morgan Stanley Residential Mortgage Inc.	Delaware
MSSHG I Ltd.	Cayman Islands
Saxon Capital, Inc.	Maryland
Saxon Capital Holdings, Inc.	Delaware
SCI Services, Inc.	Virginia
Saxon Mortgage, Inc.	Virginia
Saxon Holding, Inc.	Delaware
TRS Securities and Certificates, Inc.	Maryland
Saxon Mortgage Services, Inc.	Texas
Saxon Funding Management LLC	Delaware
Morgan Stanley Securitized Assets LLC	Delaware
Saxon Asset Securities Company	Virginia
Morgan Stanley Municipal Funding Inc.	Delaware
Morgan Stanley Municipal Management, Inc.	Delaware
Morgan Stanley NLE, LLC	Delaware
Morgan Stanley Overseas Finance Ltd.	Cayman Islands
Morgan Stanley Overseas Services (Jersey) Limited	Jersey, Channel Is.
Morgan Stanley Preferred Strategies Inc.	Delaware
Morgan Stanley Principal Funding, Inc.	Delaware
EM Whole Loan S.A.	Luxembourg
Morgan Stanley (Hungary) Financial Services Limited Liability Company *	Hungary
MSXL China Ltd.	Cayman Islands
SPV Columbus S.r.L. *	Italy
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 Funding II, Inc.	Delaware
Morgan Stanley Real Estate Funding II, L.P. *	Delaware
MS Moon Holdings LLC	Delaware

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DBFLA Services 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 Investment Management Inc.	Delaware
Morgan Stanley Real Estate Fund, Inc.	Delaware
MSREF I, L.L.C.	Delaware
Morgan Stanley Real Estate Investment Management II, Inc.	Delaware
MSREF II-CO, L.L.C.	Delaware
Morgan Stanley Realty Incorporated	Delaware
BH-MS Realty Inc.	Delaware
BH-MS Leasing Inc.	Delaware
Brooks Harvey & Co., Inc.	Delaware
Dean Witter Global Realty Inc.	Delaware
Japan Realty Finance Company II	Cayman Islands
Lombard Inc.	Japan
Morgan Stanley Properties, Inc.	Delaware
Morgan Stanley Capital (Real Estate) Pte. Ltd.	Singapore
Morgan Stanley Properties Corso Venezia S.r.l. *	Italy
Morgan Stanley Properties France SAS	France
Morgan Stanley Properties Germany GmbH	Germany
Morgan Stanley Properties Hong Kong Limited	Hong Kong
Morgan Stanley Capital Ltd. *	Republic of Korea
Morgan Stanley Properties (Mauritius) India	Mauritius
Morgan Stanley Properties India Real Estate Management Private Limited*	India
MSP China Holdings Limited	Cayman Islands
Morgan Stanley Properties Advisory Corp. Limited	Cayman Islands
Beijing Kaili Asset Servicing Co., Ltd. *	People's Rep. of China
Morgan Stanley Properties (China) Co. Ltd.	People's Rep. of China
MSDI Investment Services *	People's Rep. of China
Shanghai Pinnacle Property Management Company Limited	People's Rep. of China
Panorama Hospitality Global, Inc.	Delaware
Panorama Hospitality Limited	United Kingdom
MS Japan REIT Holding KK	Japan
MS Japan Strategic Core Acquisition KK	Japan
Tokyo Realty Investment Company II	Cayman Islands
Morgan Stanley Reinsurance Alpha Ltd.	Bermuda
Morgan Stanley Reinsurance Ltd.	Bermuda
Morgan Stanley Renewables Inc.	Delaware
Morgan Stanley Biomass LLC	Delaware
Morgan Stanley BrightSource LLC	Delaware
Morgan Stanley Geothermal LLC	Delaware
Morgan Stanley Renewable Development Fund LLC	Delaware
Third Planet Windpower, LLC *	Delaware
Morgan Stanley Wind LLC	Delaware

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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 V LLC	Delaware
Solar Star California VI LLC	Delaware
Solar Star California IX LLC	Delaware
Solar Star WMT I, LLC	Delaware
Morgan Stanley Risk Services LLC	Delaware
Morgan Stanley SECAP Funding, LLC	Delaware
Morgan Stanley Secured Financing LLC	Delaware
Morgan Stanley Securities, Inc.	Delaware
MS Equity Products (Luxembourg) S.à.r.l	Luxembourg
Morgan Stanley Foreign Complex Trust *	Delaware
Morgan Stanley Securitization Funding Inc.	Delaware
Morgan Stanley Senior Funding, Inc.	Delaware
Inversiones Sudamerica Uno Ltda *	Republic of Chile
Morgan Stanley European Event Driven Finance, Inc.	Delaware
Morgan Stanley European Funding, Inc.	Delaware
Morgan Stanley European Leveraged Products Inc.	Delaware
Morgan Stanley European Transaction Finance, Inc.	Delaware
Morgan Stanley MSSF LLC	Delaware
Morgan Stanley Senior Funding (Capital), Inc.	Delaware
Morgan Stanley Senior Funding (Nova Scotia) Co.	Canada
MSSFG (SPV-AMC) Inc *	The Philippines
Tenedora Dalia, S.A. de C.V., SOFOM, E.N.R. *	Mexico
Ventura Holdings Inc.	Delaware
Ventura Holdings NJ, Inc.	Delaware
Ventura AC LLC	New Jersey
Revel Holding, LLC	Delaware
Revel Entertainment Group, LLC	Delaware
NB Acquisition LLC	New Jersey
Revel Atlantic City, LLC	New Jersey
Revel Entertainment, LLC	New Jersey
Ventura Opportunities, LLC	Delaware
Morgan Stanley Services Canada Holding 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	Cayman Islands
Morgan Stanley Barbera One Limited	Cayman Islands
Morgan Stanley Grenache One Limited	Cayman Islands
Morgan Stanley Grenache Three Limited	Cayman Islands

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Morgan Stanley Grenache Two Limited	Cayman Islands
Morgan Stanley Tindur LLC *	Delaware
Morgan Stanley Arete Limited	Cayman Islands
Morgan Stanley Hubbard Inc. *	Delaware
Drumlin JV Inc.	Delaware
Morgan Stanley Immarsuak LLC	Delaware
Morgan Stanley Hatteras I LLC *	Delaware
Morgan Stanley Hatteras II LLC *	Delaware
Morgan Stanley Pennine LLC *	Delaware
Morgan Stanley Scaffell Limited	Cayman Islands
Morgan Stanley Snowdon Inc. *	Delaware
Hamar JV Inc.	Delaware
Morgan Stanley Torridon LLC	Delaware
Morgan Stanley Tower, LLC	Delaware
MS Financing Inc.	Delaware
Broadway 522 Fifth JV LLC *	Delaware
G.H.Y. Capital II B.V.	The Netherlands
Morgan Stanley 1585 Broadway LLC	Delaware
Morgan Stanley 750 Building Corp.	Delaware
G.H.Y. Capital B.V.	The Netherlands
MS Beta Holdings LLC	Delaware
Morgan Stanley CS Aviation Holdings, LLC	Delaware
MSDW LTCP, L.L.C.	Delaware
MS Harrison LLC	Delaware
Morgan Stanley Private Bank, National Association	Federal Charter
Morgan Stanley Credit Corporation	Delaware
Morgan Stanley Credit Corporation of Pennsylvania	Pennsylvania
Morgan Stanley Trust National Association	Federal Charter
Morgan Stanley Venture Capital III, Inc.	Delaware
Morstan Development Company, Inc.	Delaware
MS 10020, Inc.	Delaware
MS Debt Opportunities Corp.	Delaware
MS Hawk I LLC	Delaware
MS Holdings Incorporated	Delaware
ARS NAHV GP Inc.	Delaware
ARS US SMC GP Inc.	Delaware
Morgan Stanley ARS Funding Inc.	Delaware
Morgan Stanley Hedge Fund Partners Cayman Ltd	Cayman Islands
Morgan Stanley Hedge Fund Partners GP LP *	Delaware
Morgan Stanley HFP Investment Inc.	Delaware
Morgan Stanley Hedge Fund Partners LP *	Delaware
Morgan Stanley IMDCP Funding, LLC	Delaware
Morgan Stanley Infrastructure Inc.	Delaware
Morgan Stanley Infrastructure GP LP *	Delaware
Morgan Stanley Offshore Infrastructure GP, Ltd.	Cayman Island
Morgan Stanley Infrastructure Holdings Inc.	Delaware
Morgan Stanley Infrastructure MEA Fund Inc.	Delaware

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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
MSPEA SLP III, L.L.C.	Delaware
Morgan Stanley Real Estate Securities Global Best Ideas GP Inc.	Delaware
MS Alternatives Funding, Inc.	Delaware
MS Alternatives Funding Partner, Inc.	Delaware
Morgan Stanley Capital Partners V Funding LP *	Delaware
MS Infrastructure I Funding LP *	Delaware
MS Alternatives Holding C Inc.	Delaware
MS Alternatives Holding C (Cayman) Ltd.	Cayman Islands
MS Alternatives Holding D Inc.	Delaware
MS Alternatives Holding E Inc.	Delaware
MS ARS Holding A Inc.	Delaware
MS ARS Holding B Inc.	Delaware
MS Capital Partners Adviser Inc.	Delaware
MS Fixed Income Group Management Inc.	Delaware
MSCP V GP, Inc.	Delaware
MS Capital Partners V GP LP *	Cayman Islands
MS Capital Partners V LP *	Delaware
MS Credit Partners GP Inc.	Delaware
MS Credit Partners GP L.P. *	Delaware
MS Credit Partners Holdings Inc.	Delaware
MSGFI Management Inc.	Delaware
Private Investment Partners Inc.	Delaware
Private Investment Partners GP Inc.	Delaware
TAM Investment Holdings, Inc.	Delaware
FrontPoint Partners LLC	Delaware
Brookville Horizons Fund GP, LLC	Delaware
Brookville Onshore Horizons Fund I GP, LLC	Delaware
FPP Healthcare Flagship Enhanced Fund GP, LLC	Delaware
FrontPoint Asian Event Driven Fund GP, LLC	Delaware
FrontPoint Asia Pacific GP, LLC	Delaware
FrontPoint Australian Opportunities Fund GP, LLC	Delaware
FrontPoint BCO GP, LLC	Delaware
FrontPoint Brookville Loan Fund GP, LLC	Delaware
FrontPoint Consumer and Industrials Fund GP, LLC	Delaware
FrontPoint Copia Energy Horizons Fund	Delaware

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GP, LLC *	
FrontPoint Currency Fund GP, LLC	Delaware
FrontPoint Emerging Markets Macro Fund GP, LLC	Delaware
FrontPoint Enhanced Alpha Fund I GP, LLC	Delaware
FrontPoint Enhanced Index Fund U.S. Equity Series GP, LLC	Delaware
FrontPoint Enhanced TIPS Fund GP, LLC	Delaware
FrontPoint Euroasia Opportunity Fund GP, LLC	Delaware
FrontPoint European Fund GP, LLC	Delaware
FrontPoint Financial Horizons Fund GP, LLC	Delaware
FrontPoint Financial Services Fund GP, LLC	Delaware
FrontPoint Global Emerging Markets Fund GP, LLC	Delaware
FrontPoint Global Enhanced Inflation Linked Bond Index Fund GP, LLC	Delaware
FrontPoint Global Equity Portfolio Fund GP, LLC	Delaware
FrontPoint Greater China Fund GP, LLC	Delaware
FrontPoint Healthcare Emerging Markets Fund GP, LLC	Delaware
FrontPoint Healthcare Flagship Fund GP, LLC	Delaware
FrontPoint Healthcare Horizons Fund GP, LLC	Delaware
FrontPoint Healthcare Long Horizons Fund GP, LLC	Delaware
FrontPoint Japan Fund 2X GP, LLC	Delaware
FrontPoint Japan Small/Mid Cap Fund GP, LLC	Delaware
FrontPoint Leveraged Multi-Strategy Fund GP, LLC	Delaware
FrontPoint Management (Australia) Pty Ltd.	Australia
FrontPoint Management (Hong Kong), Ltd.	Cayman Islands
FrontPoint Management Inc.	Delaware
FrontPoint Management Japan Limited	Cayman Islands
FrontPoint Management (Singapore) Pte. Ltd.	Singapore
FrontPoint Management (UK) LLP	United Kingdom
FrontPoint Michigan Strategic Partnership Fund GP, LLC	Delaware
FrontPoint Multi-Strategy Fund GP, LLC	Delaware
FrontPoint Partners Trading Fund GP, LLC	Delaware
FrontPoint Quantitative Macro Fund GP,	Delaware

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LLC	
FrontPoint Relative Value Opportunities Fund GP, LLC	Delaware
FrontPoint Rockbay Event Driven Fund GP, LLC	Delaware
FrontPoint Service Company (Australia) Pty Ltd	Australia
FrontPoint Service Company (UK) Limited	United Kingdom
FrontPoint Service Company (UK) No 2 Limited	United Kingdom
FrontPoint SJC Direct Lending Fund GP, LLC	Delaware
FrontPoint Strategic Alpha Manager, LLC	Delaware
FrontPoint Strategic Credit Fund GP, LLC	Delaware
FrontPoint Technology Fund GP, LLC	Delaware
FrontPoint Universal GP, LLC	Delaware
FrontPoint Utility and Energy Fund GP, LLC *	Delaware
FrontPoint Volatility Opportunities Fund GP, LLC	Delaware
Stadia Capital GP, LLC	Delaware
MS Lion LLC	Delaware
Morgan Stanley Beta Investments Limited	United Kingdom
Morgan Stanley Bucine Limited	United Kingdom
Morgan Stanley Cooper Limited	United Kingdom
Morgan Stanley Gamma Investments *	United Kingdom
Morgan Stanley Portland Investments Limited	United Kingdom
MS Leopard Inc. *	Delaware
MS Tiger Ltd.	Cayman Islands
MS Low Income Housing Corporation	Delaware
Conchita I LLC	Delaware
Esox 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 V LLC	Delaware
MS New Markets VI LLC	Delaware
MS New Markets VII LLC	Delaware
MS New Markets VIII LLC	Delaware
MS New Markets IX LLC	Delaware
MS New Markets X LLC	Delaware
MS CTH MHP II LLC	Delaware

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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 LLC	Delaware
MS LIHTC FCG Fund I LLC *	Delaware
MS LIHTC FCG Fund II LLC *	Delaware
MS LIHTC FCG II LLC	Delaware
Paquia LLC	Delaware
Pietra I LLC	Delaware
Pietra II LLC	Delaware
Pietra III LLC	Delaware
Pinol I LLC	Delaware
Pinol II LLC	Delaware
Pinol III LLC	Delaware
Pinol IV LLC	Delaware
Wiwili IV LLC	Delaware
Pinol V LLC	Delaware
BMC NAB Trust Investment Fund LLC	Delaware
HIGC Investment Fund LLC	Delaware
PSFG Funding LLC	Delaware
Trova I LLC	Delaware
Trova II LLC	Delaware
Trova III LLC	Delaware
Trova IV LLC	Delaware
Viento LLC	Delaware
Viento II LLC	Delaware
Viento III LLC	Delaware
Viento IV LLC	Delaware
Viento V LLC	Delaware
Viento VI LLC	Delaware
Viento VII LLC	Delaware
Viento VIII LLC	Delaware
Viento IX LLC	Delaware
Viento X LLC	Delaware
Viento XI LLC	Delaware
Viento XII LLC	Delaware
Viento XIII LLC	Delaware
Viento XIV 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

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Vicuna II LLC	Delaware
Vicuna III LLC	Delaware
Warepool 1A LLC	Delaware
Warepool 2A LLC	Delaware
Warepool 3A LLC	Delaware
Warepool 4A LLC	Delaware
Warepool 5A LLC	Delaware
Warepool 6A LLC	Delaware
Warepool 7A LLC	Delaware
Warepool 8A LLC	Delaware
Warepool 9A 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	Delaware
Elderslie Limited	Cayman Islands
Esporta Holdings Limited	Cayman Islands
Esporta Limited	Cayman Islands
Littlehill (US) LLC	Delaware
Ravelston LLC	Delaware
MS Revel EFS LLC	Delaware
D&Z Limited	Cayman Islands
MS Structured Asset Corp.	Delaware
MS Synfuels, Inc.	Delaware
MS Rosebank LLC	Delaware
Morgan Stanley Strand Limited	Cayman Islands
Cornelia Limited *	Cayman Islands
Clifton Limited	Cayman Islands
Lindley Sarl	Luxembourg
Linksfield Sarl	Luxembourg
Seapoint Investments (Proprietary) Limited	South Africa
MS Douglasdale Limited	Cayman Islands
Bondi Limited	Cayman Islands
MS Melville LLC *	Delaware
MS Dainfern LLC*	Delaware
MS Greenside LLC	Delaware
MS Houghton LLC	Delaware
Sandhurst Partnership *	Delaware
MS Sandhurst FX LLC	Delaware
Morgan Stanley Prosen Limited	Delaware
Morgan Stanley Limpopo LLC *	Delaware
Morgan Stanley Breede Inc.	Delaware
Morgan Stanley Lomati LLC	Delaware
Morgan Stanley Vaal LLC	Delaware
Clova Investments LP *	Delaware

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
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	Cayman Islands
MSDW Capital Partners IV, Inc.	Delaware
MSDW CPIV Holdings, Inc.	Delaware
MSDW Credit Products Inc.	Delaware
Morgan Stanley Credit Products Ltd.	Cayman Islands
MSDW EFS Holdings Inc.	Delaware
MSDW Emerging Equity, Inc.	Delaware
Morgan Stanley Fixed Income Ventures Inc.	Delaware
Morgan Stanley Principal Investments, Inc.	Delaware
JHP Holdings, LLC *	Delaware
JHP Pharmaceuticals, LLC	Delaware
MHC Co-Invest Genpar	Cayman Islands
MHC Co-Invest, LP	Cayman Islands
Morgan Stanley Principal Investments Asia LLC	Delaware
Morgan Stanley Mayak Limited	Cayman Islands
MS China 6 Limited	Cayman Islands
MS China 8 Limited	Cayman Islands
MSPI Mauritius 1 Limited	Mauritius
Morgan Stanley Principal Investments Europe LLC	Delaware
Morgan Stanley Principal Investments Netherlands BV	The Netherlands
Morgan Stanley Principal Investments North America LLC	Delaware
MS China 9 Limited	Cayman Islands
MS China 10 Limited	Cayman Islands
MS China 11 Limited	Cayman Islands
MS China 12 Limited	Cayman Islands
MSPI Hong Kong I Limited	Hong Kong
Stadium Capital Financing Group, LLC *	Delaware
Morgan Stanley Strategic Investments, Inc.	Delaware
Eaux Vives Water Bottling Corp.	Canada
Morgan Stanley Bahamas Investments, LLC	Delaware
MSDW International Employee Services LLC	Delaware
MSDW Nederland B.V.	The Netherlands
MSDW Offshore Equity Services Inc.	Delaware
Fundlogic Holdings Inc.	Delaware
Fundlogic SAS	France
Morgan Stanley Alzette S.a.r.l.	Luxembourg
Morgan Stanley Equity Holdings (Ireland)*	Ireland
Morgan Stanley Bramley Limited	United Kingdom
Morgan Stanley Corporate Holdings (Ireland)*	Ireland
Morgan Stanley Luxembourg Equity Holdings S.a.r.l.	Luxembourg
Morgan Stanley Derivative Products (Luxembourg) Sarl	Luxembourg

Entity Name Indentations indicate control. * Has one or more minority shareholders.	Jurisdiction of Incorporation or Formation
Morgan Stanley Finance (Gibraltar) Limited	Gibraltar
Morgan Stanley Luxembourg Equity Trading (Jersey) LP *	Jersey, Channel Is.
Morgan Stanley Kadarka Limited	Cayman Islands
Morgan Stanley Derivative Products (Singapore) Pte. Ltd.	Singapore
Morgan Stanley Equity Trading (Singapore) Pte. Ltd.	Singapore
Morgan Stanley Derivative Products (Spain) S.L.	Spain
Morgan Stanley Equity Finance (Malta) Limited *	Malta
Morgan Stanley Equity Trading GP Limited	Jersey, Channel Is.
Morgan Stanley Grund Sàrl	Luxembourg
Morgan Stanley Derivative Products (Portugal), Unipessoal Lda	Portugal
Morgan Stanley Equity Investments (UK) Limited *	Cayman Islands
Morgan Stanley Equity Trading (DIFC) Limited	DIFC
Morgan Stanley Euro Financing (Ireland) *	Ireland
Morgan Stanley Warta GmbH	Germany
Morgan Stanley Moselle S.a.r.l.	Luxembourg
Morgan Stanley (NSW) Pty Limited	Victoria, Australia
Morgan Stanley Somerset Limited (in Liquidation)	United Kingdom
Morgan Stanley Wiltz S.a.r.l.	Luxembourg
Morgan Stanley New Hampshire LLC	Delaware
Morgan Stanley Deshka LLC	Delaware
Morgan Stanley Chandra LLC	Delaware
Morgan Stanley Keck LLC	Delaware
Morgan Stanley Mayall LLC	Delaware
Morgan Stanley Equity Financing Services Ireland Limited	Ireland
Morgan Stanley Global Fund Derivatives Hedge Holdings Luxembough S.A.	Luxembourg
Morgan Stanley GFD Hedge Holdings Limited *	Cayman Islands
Morgan Stanley GFD Hedge Holdings II Limited	Cayman Islands
Morgan Stanley GFD Proprietary Holdings Limited	Cayman Islands
MSDW Equity Finance Services I (Cayman) Ltd.	Cayman Islands
MSDW OIP Investors, Inc.	Delaware
MSDW PE/VC Holdings, Inc.	Delaware
MSDW Real Estate Special Situations II, Inc.	Delaware
MSDW Real Estate Special Situations II-A Dutch Manager, B.V.	The Netherlands
MSDW Real Estate Special Situations II-B Dutch Manager, B.V.	The Netherlands
MSDW Real Estate Special Situations II-C Dutch Manager, B.V.	The Netherlands
MSDW Real Estate Special Situations II Holdings, 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,	Delaware

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L.L.C.	
MSDW Real Estate Special Situations II-C Manager, L.L.C.	Delaware
MSDW Real Estate Special Situations II Partner, L.L.C.	Delaware
MSRESS II GP Co-Investment Ltd.	Cayman Islands
MSDW Strategic Ventures Inc.	Delaware
MSDW Synfuels III, Inc.	Delaware
MSDW Venture Partners IV, Inc.	Delaware
MSDW VP IV Holdings, Inc.	Delaware
MSEOF, Inc.	Delaware
MSEOF Management, LLC	Delaware
MSEOF Manager SARL	Luxembourg
MSGEM Holdings, Inc.	Delaware
MSIT Holdings, Inc.	Delaware
MSPEA Holdings, Inc.	Delaware
MSREA Guaranty, 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 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 U.S.-GP, L.L.C.	Delaware
Morgan Stanley Real Estate Fund V U.S., L.P. *	Delaware
Morgan Stanley Real Estate Investors V U.S., L.P. *	Delaware
MSP Real Estate Fund V, L.P. *	Delaware
MSREF V U.S.-LP, L.L.C.	Delaware
MSREF V International-GP, L.L.C.	Delaware
MSREF V 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
Morgan Stanley Real Estate Fund VI International -	Delaware

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T, L.P. *	
Morgan Stanley Real Estate Fund VI International - TE, L.P. *	Delaware
Morgan Stanley Real Estate Investors VI International, L.P. *	Delaware
MSREF VII, Inc.	Delaware
MSREF VII Global (Cayman), L.L.C.*	Delaware
MSREF VII Global (Cayman), Ltd.	Cayman Islands
MSREF VII Global-GP Holding (Cayman), L.L.C.	Delaware
MSREF VII Global (Cayman), L.P.*	Cayman Islands
MSREF VII Global-GP (Cayman), L.P.*	Cayman Islands
MSREF VII Global, L.L.C.*	Delaware
MSREF VII Global, L.P. *	Canada
MSREF VII Global-GP, L.P.*	Canada
MSREF VII Global-LP, L.L.C.	Delaware
MSREF VII Global (U.S.), L.L.C.*	Delaware
MSREF VII Global-GP (U.S.), L.L.C.	Delaware
MSREI Holding, Inc.	Delaware
MSRESS III, Inc.	Delaware
MSRESS III Manager, L.L.C.	Delaware
Morgan Stanley Real Estate Special Situations III-GP, L.L.C.	Delaware
MSREI Post Co-Investment GP, L.L.C. *	Delaware
MSRESS III Monroe GP, L.L.C.	Delaware
MSRESS III Opportunities Fund GP, L.L.C.	Delaware
Morgan Stanley Real Estate Special Situations III-LP, 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
PG Holdings, Inc.	Delaware
PG Holdings III, Inc.	Delaware
PG Investors II, Inc.	Delaware
PG Investors III, Inc.	Delaware
Pierpont Power, Inc.	New York
Providence DE Funding Co.	Delaware
Providence DE Holdings Co.	Delaware
Providence Cayman Holdings Limited	Cayman Islands
Shuksan LLC *	Delaware
Morgan Stanley Eder S.a.r.l.	Luxembourg
Strategic Investments I, Inc.	Delaware
MS Strategic (Mauritius) Limited	Mauritius

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Strategic Investments II, Inc.	Delaware
Sycamore II, Inc.	Delaware
Tooele Power, Inc.	Delaware
Wiwili V LLC	Delaware
SHCO 7 S.a.r.l.	Luxembourg
SHCO 8 S.a.r.l.	Luxembourg
SHCO 9 S.a.r.l.	Luxembourg
Vicuna IV LLC	Delaware
Morgan Stanley Spad Investments Limited (in Liquidation)	Luxembourg
Morgan Stanley Morane Investments Limited (in Liquidation)	Luxembourg
Morgan Stanley Curtiss Investments Limited (in Liquidation)	Luxembourg
Zephyr (Cayman) Limited	Cayman Islands

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