

Morgan Stanley

Morgan Stanley Community Affairs
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Morgan Stanley

2008 Charitable Annual Report

Profiles of Our Commitment to Communities Worldwide

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A Letter from the Chairman

Recognizing that tough times are even harder on communities in need, Morgan Stanley maintained our more than 70-year tradition of giving back in 2008. Adopting a motto of “now, more than ever,” our employees answered the call, lending their expertise, time and financial resources to their communities.

With total contributions of nearly \$60 million, the Firm and its employees reached out to help more than 800 communities around the world. This work supports our signature efforts in children’s health and many other important causes.

I am extremely proud that, even in the most volatile times, the Firm, and most especially our colleagues, rose to the occasion to provide meaningful and valuable support to our communities.



John Mack
*Chairman and
Chief Executive Officer*



Support for Our Communities Worldwide

Morgan Stanley and its employees contributed nearly \$60 million to charitable organizations in 2008 through Company contributions, Morgan Stanley's Foundations and individual gifts. Our efforts to maintain support of our communities were displayed in our signature effort, the Global Alliance for Children's Health, as well as through year-round projects to support education, the arts and to meet other pressing needs.

Through our Global Volunteer Month and other ongoing efforts, we were able to significantly grow the number of hours that our people delivered in service to their communities worldwide.

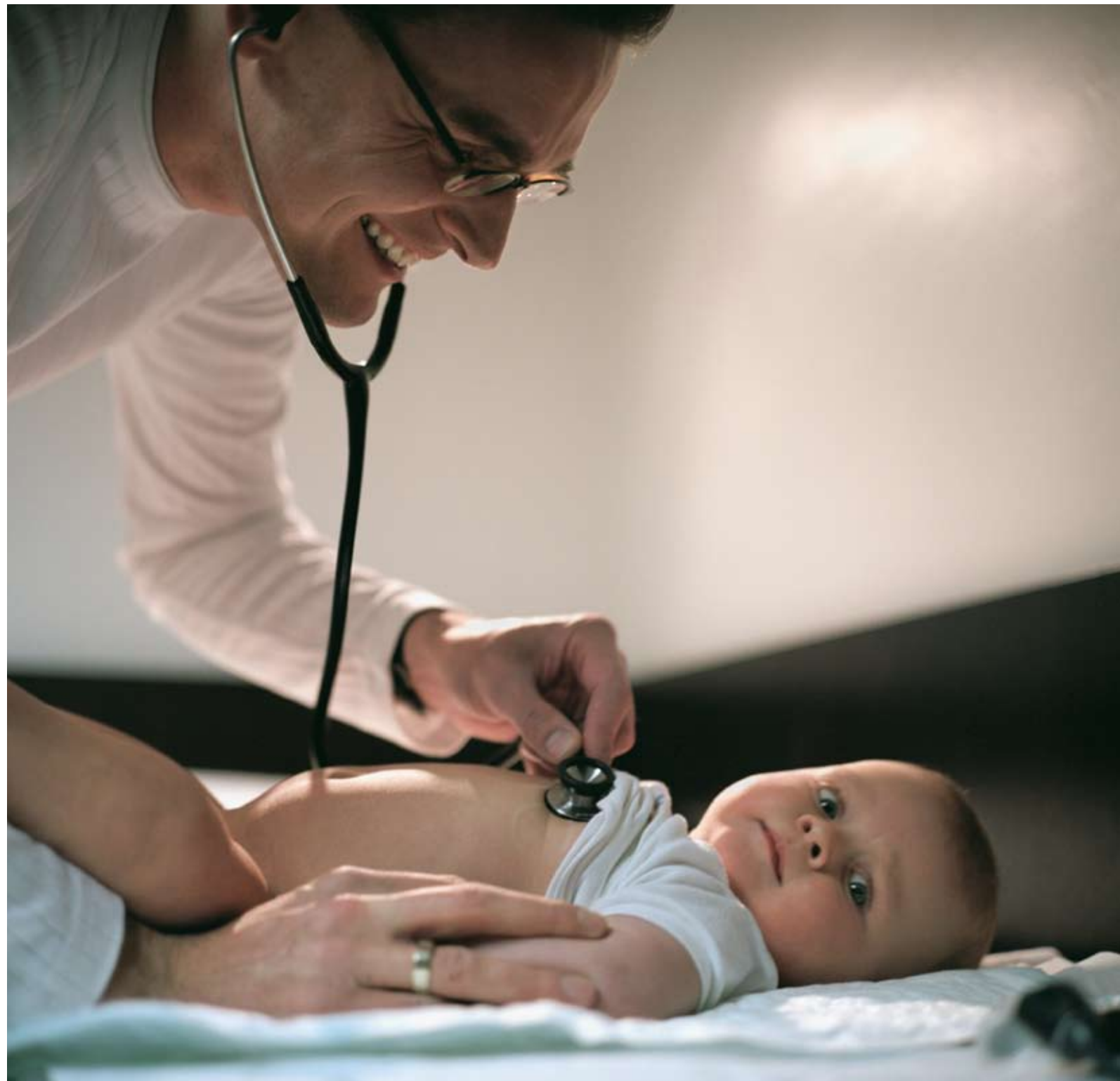
Efforts are delivered across the globe through our Global Alliance for Children's Health (*page 9*) and locally through regional outreach to communities in the United States (*page 15*), Europe, the Middle East and Africa ("EMEA") (*page 23*), Asia Pacific (*page 29*) and Japan (*page 35*). These charitable programs are also complemented by a broad spectrum of initiatives within the areas of Corporate Social Responsibility (*page 39*).

Giving Programs

Company contributions totaled more than \$48 million in 2008 with focus on the Firm's key charitable priority areas:

- Children's Health
- Education
- Diversity
- Arts and Culture
- Employee Engagement

Charitable support comes from our U.S. and international foundations as well as directly from our business units. Employees from every region across the world participate heavily in our efforts, donating their intellectual capital, leadership, financial resources and sweat equity to maximize community impact. More than half of our workforce participates annually in our various volunteer and fundraising programs.



Global Alliance for Children's Health

For more than 30 years, Morgan Stanley has invested in innovations in pediatric care, so that more children can get the healthy start they need for consistent and meaningful achievement in life. Our efforts support leading centers of pediatric excellence with whom we create research, educational programming and direct outreach to the underserved in regions throughout the world. In 2008, we expanded the program, committing to new partnerships and continuing our services for existing partners and communities.

Our Flagship Effort in New York

New York-Presbyterian Morgan Stanley Children's Hospital of remains the flagship of our efforts. Opened in 2003, the hospital was the fruition of a four-year initiative by the Firm and its employees to contribute more than \$60 million to create from the ground up, a state-of-the-art children's hospital for New York. In 2008 alone, the hospital treated over 50,000 children through its inpatient and emergency department settings, and remains the top pediatric center in the tristate region and among the top ten children's hospitals in the country.

In addition to our ongoing financial support, Morgan Stanley lends the hospital one of our best minds. Through our Ambassador Program, one of our leading third-year analysts is loaned for a full year of service to the hospital. During 2008, this person supported finance functions within the hospital and worked across a number of departments to improve efficiencies and reduce costs.

Additionally, more than 700 employees were involved with the hospital during the year—providing leadership, giving time and raising and contributing funds. Among the highlights of their service: 150 women from the Firm's Women in Finance group put together the annual Morgan Stanley Carnival, serving as organizers, fundraisers and even day-of entertainment for the children and their families. An additional 470 employees also supported the hospital during the Warm Their Hearts drive, collecting several thousand items for families treated at the hospital. During Global Volunteer Month, employees also gave time every working day of June, helping the hospital's Child Life and Same Day Surgery areas by participating in activities with patients at their bedsides, in the Child Life Center or pre- and post-op areas as well as escorting children to procedures.

Great Ormond Street Hospital Partnership Celebrates its Anniversary

In October, Morgan Stanley celebrated the first anniversary of our partnership with Great Ormond Street Hospital in London. Our three-year commitment that began in 2007 will ultimately provide £10 million for the hospital's new clinical building set to open in 2012. Great Ormond Street Hospital is a leading center of excellence for the U.K., serving as the only specialist biomedical research center for pediatrics. Additionally, it is the largest center for children with heart or brain problems and, in Europe, it is the largest center for children with cancer.

In the first year of the campaign, more than 3,000 employees in our London offices took part in fundraising and volunteer activities, raising close to £2.5 million for the new center. Combined with gifts from Morgan Stanley's U.K. and U.S. Foundations, we have provided over **£7.7 million** of the commitment to date.

Alliance Expands to China

This past year, the Firm announced a new partnership with Beijing Children's Hospital, marking the first time that Morgan Stanley's Alliance has partnered with a world-class hospital in Asia. Beijing Children's Hospital treats nearly two million children each year and is considered one of the best pediatric centers in Asia.

Through the new initiative, the Morgan Stanley Foundation will provide equipment and training for Beijing Children's Hospital's new hematology and oncology center as part of an extensive five-year cooperation project. The new center will boost annual capacity to treat 400,000 children suffering from leukemia, cancers and other life-threatening disorders.

Grow Clinics—Children on the Edge

Since 2005, Morgan Stanley has been an active supporter of Grow Clinics—specialty medical programs that provide comprehensive medical, nutritional and social interventions for children diagnosed with Failure to Thrive (“FTT”) syndrome. Children with FTT have difficulty with physical development because of malnutrition primarily due to poverty, illness and family stress. Without intervention, children with FTT can have lifelong learning and emotional disorders and suffer from serious illness.

As economic hardship hits our communities and more families are pushed into food insecurity, the work of the Grow Clinics only becomes more important. We were pleased, therefore, that in 2008, in addition to ongoing financial support, our employees increased their involvement. More than 900 employees (600 more than in 2007) took part in our annual Warm Their Hearts Valentine's Day Drives, collecting more than 3,000 items, such as clothing, toys and books for the families treated at the centers.

Currently, Morgan Stanley—the **first major corporate sponsor of these programs**—funds four Clinics across the United States (Boston, Chicago, Houston and Los Angeles).

Our Employees Make the Difference

Employees are the cornerstone of the Global Alliance effort. In 2008, they engaged with children's hospitals and health projects over 10,000 times.

While a significant portion of employee engagement is directly with the prominent partners of the Morgan Stanley program, there are significant other children's hospitals and organizations serving ill children that receive funding from Morgan Stanley due to the direct involvement of employees in their local communities. In 2008, our support was extended to:

- All Children's Hospital Foundation (St. Petersburg, FL)
- Baylor Health Care System Foundation (Dallas, TX)
- Blythesdale Children's Hospital (White Plains, NY)
- Boston Medical Center (Boston, MA)
- Children's Healthcare of Atlanta Foundation (Atlanta, GA)
- Children's Hospital and Research Center Foundation (Oakland, IL)
- The Children's Hospital at Westmead (Sydney, Australia)
- Children's Memorial Hospital (Chicago, IL)
- Doernbecher Children's Hospital Foundation (Portland, OR)

- The Elizabeth Glaser Pediatric AIDS Foundation (New York, NY)
- Harbor–UCLA Medical Center (Los Angeles, CA)
- Have a Heart Children's Cancer Society (Huntington, NY)
- Juvenile Diabetes Research Foundation
- KK Hospital Children's Cancer Fund (Singapore)
- La Rabida Children's Hospital (Chicago, IL)
- Little Life Warrior Society (Hong Kong SAR, China)
- Lucile Packard Children's Hospital (Palo Alto, IL)
- Make-A-Wish Foundation (New York, Missouri and Southern Florida Chapters)
- March of Dimes Foundation
- Ronald McDonald House (Memphis, TN)
- Santa Rosa Children's Hospital Foundation (Santa Rosa, CA)
- Texas Children's Hospital (Houston, TX)
- Texas Scottish Rite Hospital for Children (Dallas, TX)
- The Valerie Fund (Newark, NJ)



Our Global Giving Priorities

Morgan Stanley's mission is to deliver the finest financial thinking, products and execution in the world. Paramount to this success is our commitment to being socially responsible and to working actively to improve our communities. We concentrate our endeavors on our core funding areas of: Children's Health and Education; Diversity; Arts and Culture; and Employee Engagement. The pages that follow describe how Morgan Stanley is delivering these services in each region throughout the world.

Children's Health and Education

In addition to our Global Alliance for Children's Health described on pages 9–13, Morgan Stanley locally supports projects that ensure children have the healthy start and the academic foundation needed for consistent and meaningful achievement in life. Through a network of community-based partners that focus on innovation and effectiveness, we work to ensure that children, particularly those in underserved communities, are given every chance to achieve their full potential.

Diversity

We believe an open, inclusive culture is fundamental to our role as a leading global corporation, and critical to the success of our clients, our people and the Firm as a whole. It is our priority to provide academic and on-the-job training opportunities for women, minorities and the physically disabled.

Arts and Culture

At Morgan Stanley, we celebrate innovation and creativity through our support of the arts. In addition to providing year-over-year funding for major cultural institutions, we also support cultural events that educate, entertain and expose new audiences to the arts.

Employee Engagement

Employee community engagement is a cornerstone of the Firm's culture and the foundation of our charitable efforts. Through extensive grantmaking, matching initiatives and coordinated volunteer efforts, the Firm encourages, recognizes and rewards employee generosity. In 2008, Morgan Stanley also held its third Global Volunteer Month through which employees donated more than 41,000 hours of service.



Highlights from the United States

More than 15,000 employees (more than half of our total U.S. workforce) is directly involved in our charitable efforts, supporting local and national charities across all 50 states. Below, are highlights of our 2008 initiatives:

Children's Health and Education

Giving Children with Cancer Time Off

This year marked the 16th anniversary of Morgan Stanley's involvement with The Valerie Fund, an organization that works with children with cancer and blood disorders. Each year, analysts in Morgan Stanley's banking divisions work with the Fund to raise dollars and organize the annual Morgan Stanley Valerie Fund Recreation Day, which provides a unique opportunity for sick children to get away from the hospital treatment environment and have fun. The annual campaign also raises valuable funds for children to attend Camp Happy Times, a free, one-week overnight camp for kids aged five to 18 who have or have had cancer. In 2008, more than 125 analysts participated in the effort, raising more than **\$265,000** and providing for nearly 200 children to attend the Camp.

Changing Education

For more than 10 years, Morgan Stanley has been a committed supporter of Teach for America ("TFA"). With a mission to eliminate educational inequity, TFA trains and places a national corps of outstanding recent college graduates and professionals who commit to teach in urban and rural public schools for at least a two-year period and become lifelong leaders dedicated to working for change. Focused on ensuring that kids in low-income communities have the educational opportunities they deserve, TFA has received numerous accolades, including Charity Navigator's highest ranking and the Social Capitalist Award from the Fast Company/Monitor Group. In 2008, the Firm provided over \$60,000, bringing our total support for the group to nearly **\$600,000**. Teach for America was also the inaugural presenter of Morgan Stanley's ongoing Lunch 'n' Learn series to educate employees about important causes and organizations.



Diversity

Morgan Stanley Scholars Programs

Morgan Stanley has a long-standing commitment to investing in students and faculty in minority and underserved communities. Through our *Richard B. Fisher Scholars* and *Morgan Stanley MBA Fellowship Programs* we provide scholarships, internships and career development to minority students at both the undergraduate and graduate level. In 2008, through gifts of nearly **\$2.1 million**, over 91 students received scholarships. Participants also received internships in our offices across the country, gaining unparalleled firsthand exposure to the financial services industry. Since 1993, we have awarded over **\$12.3 million** in scholarships to students through these programs.

During 2008, we also supported professors from Morehouse College and Howard University through the *Morgan Stanley Research Initiative*, a two-year project that funded the teaching and research of an elite group of business professors representing the Historically Black College and University network.

In addition to the Morgan Stanley programs described above, the Firm also provided over **\$300,000** to partner with the following organizations to deliver academic opportunities to minority students:

- A Better Chance, Inc.
- The Albert G. Oliver Program
- American Indian College Fund
- Hispanic Scholarship Fund
- Jackie Robinson Foundation
- Prep for Prep
- Sponsors for Educational Opportunity (SEO)



Arts and Culture

In addition to annual support of over **\$600,000** to support major cultural institutions in cities across the United States, Morgan Stanley also engages in arts sponsorships. Highlights of our 2008 activities include:

Celebrating Japanese Culture and Arts

In February, Morgan Stanley was pleased to sponsor *JAPAN! culture + hyperculture*, a landmark festival showcasing the richness and diversity of the arts of Japan, at the John F. Kennedy Center for the Performing Arts in Washington, DC. The two-week festival brought together over 450 artists for performances and free events that spanned the country's culture: from robots and anime to theater and dance, music and fashion, architecture and sculpture, and poetry and film.

Bringing the First Emperor to the U.S.

On the heels of Morgan Stanley's blockbuster sponsorship of *The First Emperor: China's Terracotta Army* at the British Museum, the Firm was delighted to support the *Emperor's Pavilion Gala* and welcome the traveling exhibition to the High Museum of Atlanta. Inspired by one of the greatest archaeological discoveries of the 20th century, the exhibition included complete terracotta warrior figures and represented one of the most important groups of works relating to the First Emperor ever loaned to the U.S.

Convening Thought Leaders Around the Arts

For the second year in a row, Morgan Stanley convened thought leaders to identify nontraditional ways for business and arts to work together. The Firm served as the New York host of the Forum for New Ideas, an annual event organized by the Business Committee for the Arts (a division of Americans for the Arts) in conjunction with the Arts & Business Council of New York. More than 115 people attended the Forum which resulted in an increased dialogue about the value of business support to the arts and innovative ideas about how to increase arts-business partnerships. Morgan Stanley has been a member of the Business Committee for the Arts for seven years and was honored by the organization in 2003 for its innovative programming.



Employee Engagement

Volunteering

Twenty-four percent of United States employees actively participate in the Firm's two most prominent volunteer programs; the *What a Difference a Day Makes Program*, a year-round effort that encourages all employees to donate time to their communities, and our *Global Volunteer Month* in June. Through these two programs, employees contributed over 170,000 hours of community service in 2008 alone. Among the highlights of their efforts:

- Nearly 100 New York City employees joined Chairman and CEO John Mack in putting together adoption kits for the New York City Animal Care and Control as part of Global Volunteer Month in June. Kits contained basic needs for first-time pet owners such as: food, treats, toys and hygiene products along with a personalized thank you note.
- Houston employees continued their longtime efforts with Rebuilding Together Houston completing their ninth build in 2008. Twenty-two Van Kampen employees and family members spent the day helping a Houston woman whose home had been greatly damaged by Hurricane Ike. The group repaired fascia, trim and wood siding; primed and painted the exterior of the house; installed front gutters and put in a landscape package to spruce up the front of the house.
- Over 125 Morgan Stanley employees served as judges for the Stock Market Game's national InvestWrite competition, a financial literacy and education program of the Foundation for Investor Education.
- More than 30 volunteers assisted the Living Classrooms Foundation with a beautification project, planting sustainable plants in front of the Foundation's entrance, which is located nearby two local Morgan Stanley offices in Baltimore.

Workplace Giving and Financial Support

In 2008, Morgan Stanley implemented the *Charitable Spending Accounts* program to maximize the impact of employee donations. Through this innovative new program, Morgan Stanley matches employee personal contributions made during the Firm's Annual Appeal, which raises more than **\$10 million** each year and involves nearly half of our U.S. employees. Through the *Charitable Spending Accounts* program, the Firm matches personal giving with up to \$4,000 in corporate funds. Unlike traditional matching gift programs, *Charitable Spending Accounts* let employees designate their match to any charity or charities of choice and not only those they have personally funded. During 2008, more than 11,000 employees earned *Charitable Spending Accounts* due to their generosity. All totaled, these employees allocated nearly **\$4 million** of Firm funding to almost 5,000 charities during the year.

Volunteer Incentive Program

To recognize and support employee volunteer efforts, the Morgan Stanley Foundation offers grants through the *Volunteer Incentive Program ("VIP")*, one of the most robust "dollars for doers" corporate programs on Wall Street. VIP grants typically range between \$1,000 and \$10,000 and support health, human service and environmental charities where our employees are active and ongoing volunteers. Since its inception in 1993, VIP has provided almost **\$30 million** in support to thousands of communities across the U.S.



Highlights from Europe, the Middle East and Africa

Through Firm support, direct employee engagement and grants through the Morgan Stanley International Foundation, Morgan Stanley focuses its support on young people and underserved populations across Europe, the Middle East and Africa (“EMEA”).

Children’s Health and Education

Giving Children Access to a More Meaningful Life

SOS Children’s Village Association of South Africa, part of the SOS Kinderdorf International, which is one of the world’s largest orphan charities, cares for orphaned and abandoned children by giving them a family, permanent home and sound basis for an independent adult life. Morgan Stanley has a long history of working with SOS South Africa and in 2008, provided scholarships to 60 children attending an SOS-run kindergarten in Ennerdale.

Providing Students an Understanding of the World at Work

The Morgan Stanley International Foundation and the Firm, through a total commitment of **£37,000**, are working with Junior Achievement Young Enterprise (“JA-YE”) in Spain, London and Glasgow to fund and deliver JA-YE programs in partnership schools. The program aims to provide students with the building blocks of entrepreneurial, economic and employability skills to enable them to understand the world at work. Employees visit the schools throughout the year to bring to life the principles of economics through a structured in-class program.

Raising Aspirations

Working with Career Academies U.K., the Morgan Stanley International Foundation works to raise the aspirations of often overlooked, middle achieving 16- to 19-year olds, through a network of employers, schools and colleges. The Foundation has supported the Career Academy for more than five years, and in 2008, provided a **£20,000** grant for programs in both London and Scotland. Morgan Stanley employees actively engage in the program, participating in networking sessions, inspirational talks and spending time one-on-one with students to provide guidance and support through a structured mentoring program and work placement program.



Arts and Culture

Morgan Stanley has a long tradition of supporting arts and cultural programs across the EMEA both through annual support and sponsorships. Details of some of our 2008 programs are highlighted below:

The First Emperor—China's Terracotta Army

Beginning in 2007 and into the spring of 2008, Morgan Stanley sponsored *The First Emperor: China's Terracotta Army* at the British Museum in London, England. This once-in-a-lifetime exhibition explored one of the greatest archaeological discoveries of the 20th century—the terracotta warriors of Xian, China. It also provided an insight into China's first emperor, Qin Shihuangdi, and his legacy. The sponsorship helped support the British Museum's vast educational and community outreach program around the exhibition. More than 855,000 visited the main exhibit and 35,000 participated in outreach programs.

Women Impressionists

During 2008, the Firm sponsored the *Women Impressionists* exhibition at the Schirn Kunsthalle in Frankfurt, Germany. This comprehensive exhibition explored female painters that contributed to the Impressionist movement. With an aim to highlight the importance of women's contributions to the artistic and sociopolitical-turbulent period from 1865 to 1895, the exhibition highlighted high-quality paintings, drawings, engravings and sculptures from the featured artists. The exhibition was also a valuable teaching tool. Through a multifaceted program, the Schirn Kunsthalle created education programming for the nearly 200,000 visitors. This included opportunities for students to paint with brush and easel in a specially constructed atelier and peer guide training program for teenagers. The exhibition's outreach also included a private viewing for educators and a series of school resources including downloadable web materials.

Art Dubai

Morgan Stanley was proud to sponsor *Art Dubai*, a two-year old international art fair that celebrates the works of new and emerging artists. In addition to highlighting works by more than 540 artists from 30 countries, *Art Dubai* also ran a charity auction in 2008, raising approximately \$300,000 on behalf of the Al Madad Foundation for START, a project to fund children's art workshops in deprived communities across the Middle East.



Employee Engagement

Volunteering

Employees across the EMEA region are active in the Firm's volunteer and giving programs throughout the year in addition to engaging in Global Volunteer Month.

Over 1,000 employees in **London** participated in the Firm's 2008 volunteer efforts, supporting over 60 charities. In addition to some of the group projects listed below, London employees are individually active, with more than a quarter personally serving their communities as local school and nonprofit board members and mentors for needy students, among other roles.

- Employees took part in the Clare College program during 2008, mentoring bright young students from underserved backgrounds, with the goal of helping the students reach their potential and attend prominent universities.
- In partnership with Trees for Cities, an organization that works to improve public spaces and urban environments across London, over 40 employees planted hundreds of trees, transforming parks and playgrounds in several London boroughs near the Firm's offices.

In **Hungary**, more than 70 Morgan Stanley volunteers spent time transforming the corridors at Heim Pal Children's Hospital in Budapest. Employees rolled up their sleeves to ensure the communal areas were child friendly at the hospital that serves 60,000 children annually.

Workplace Giving and Financial Support

Since the launch of the Great Ormond Street Hospital ("GOSH") partnership in October 2007, **£7.7 million** has been raised through employee donations and company matching towards the development of the Morgan Stanley Clinical Building in London. More than 3,000 employees have participated directly in the efforts, taking part in quiz nights, running in the London Marathon and holding dress-down days for the cause.

In addition to ongoing support of GOSH, employees across Europe are also active in raising funds for organizations in their local communities. Through the EMEA's Matching Program, established in 1994, the Morgan Stanley International Foundation provides matching support towards their efforts. In 2008, 115 charities and community organizations benefited from a total of **£510,442** of employee donations and company matching.

Employee Volunteer Incentive Program

The Employee Volunteer Incentive Program ("EVIP") rewards employees for volunteering their personal time with a donation to the charity or organization for which they serve. In 2008, the EVIP provided a total of £13,000 to charities in support of employees' involvement.



Highlights from Asia Pacific

In a challenging environment, our Asia Pacific employees and offices have continued to show commitment to our local communities, especially through volunteering and employee fundraising.

Children's Health and Education

In 2008, employees in Morgan Stanley's Asia Pacific offices significantly increased their involvement in children's health and education causes.

Supporting Sick Children and Their Families

Through extensive funds raised by employees in **Hong Kong** during the annual local "Operation Santa Claus" charity campaign, Morgan Stanley supported the Little Life Warrior Society that counsels and provides support activities for young cancer patients and their families. Little Life Warrior Society, in conjunction with the oncology team at the Prince of Wales Hospital, not only assists children and teenagers in Hong Kong, but also reaches out to childhood cancer treatment centers in hospitals in mainland China. Morgan Stanley employees volunteered at several workshops, hospital visits and outings throughout the year.

Morgan Stanley employees in **Australia** continued to support the Children's Hospital at Westmead, Sydney, with ongoing donations and volunteering activities such as story reading and face painting for hospitalized children.

Our **Singapore** Charity Committee supported the KK Hospital Children's Cancer Fund for the fifth year. The fund supports children in need of life-saving treatment.

Ensuring Educational Opportunities

In **China**, Morgan Stanley and its employees rallied in support of children in Sichuan following the devastating May 2008 earthquake. The Firm funded the complete replenishment of 60 school libraries of all primary and secondary schools in Dujiangyan City, benefitting more than 78,000 school children in the area. Coupled with employee personal donations for disaster relief via the Red Cross, the Firm's total commitment to reparations in the area was more than \$500,000.

In **Hong Kong**, the Firm continued its support for the Hong Kong Society for the Protection of Children by funding the renovation and upgrading of the Morgan Stanley IT Learning Center in Mongkok, one of the city's less privileged neighborhoods. The Center provides free access to computers for recent immigrants, ethnic minorities and single parent families who do not otherwise have a gateway to technology. Employees raised funds through sponsoring the Morgan Stanley team at the Dragonboat Races and through a volunteer wall-painting event at the Firm's new data center in Hong Kong.



Having completed its fifth year, the *Morgan Stanley Taiwan Bright Minds Award Program* has been helping more than 150 highly gifted students from underprivileged families across **Taiwan** since 2004. Through the program, the students receive financial support for three years, enabling them to visit and complete senior high school through a combination of scholarships, mentoring and group camps where the teenagers learn valuable social and life skills to develop well-rounded personalities in addition to academic prowess. Volunteers from Morgan Stanley's Taipei office also participate annually in the summer and winter camps for the students.

In **India**, Morgan Stanley employees raised more than \$15,300 for local charity Aseema, which has been working for the rights of underprivileged children since 1997. Together with a Firm top-up, the funds support a special Aseema program that provides Montessori classes for primary and pre-primary school children from underprivileged backgrounds in Mumbai, to give them the best possible start in municipal schools.

Diversity

Recognizing Women of Influence

For the fifth year, and since inception, Morgan Stanley has been the lead sponsor of the annual Women of Influence Awards and Conference Program by American Chamber of Commerce **Hong Kong** that highlights female role models with exceptional achievements in business and the community. The Chamber hosts an annual series of events for business women in Hong Kong and Greater China, and recognizes outstanding women as Professional of the Year, Young Achiever of the Year, Entrepreneur of the Year and one company as Best Company for Women.

Through its Asia Pacific Women's Network, Morgan Stanley also supports other smaller gender diversity events in the region.

Arts and Culture

Introducing the Arts to Young Audiences

The annual OCTOBURST program at **Singapore's** Esplanade Theatre is aimed at local children to introduce them to the arts via various performances and activities involving theatre, music and visual arts. Morgan Stanley served not only as the sponsor of OCTOBURST, but through partner charities, took groups of underprivileged children to participate in the event.

Supporting Excellence in the Arts

Morgan Stanley, for the 9th year running, sponsored a major performance at the annual **Hong Kong** Arts Festival, one of the premier arts events in the Asia-Pacific region, in February and March of 2008. "Orpheus X" by the American Repertory Theatre was a cutting-edge high-tech theatre production that combined drama, rock music and the latest stage technology.

In **China**, the Firm sponsored the annual Beijing Music Festival for the third year in a row and copresented a special concert called *Bernstein Celebration*, which commemorated the 90th anniversary of the birth of Leonard Bernstein. His daughter, Jamie Bernstein, served as narrator for the celebration.



Employee Engagement

Volunteering

More than 1,000 Morgan Stanley employees in Asia Pacific (approximately one fifth of the employee population) are now regularly involved in a wide range of volunteering and fundraising programs across our Asia Pacific offices, from toy drives to tree planting. First-time participants included the Firm's Seoul office in South Korea and our joint venture Morgan Stanley Gateway Securities in Hanoi, Vietnam.

Among the more unique projects, a group of 20 employees traveled to Dujiangyan city in Sichuan Province, China, one of the areas hardest hit by the devastating May 2008 earthquake, to read to and spend time with students in schools benefiting from the Firm's library donation program that replenished school libraries in 60 schools destroyed by the earthquake.

Environmental Concerns

A growing number of employees get involved with local conservation, environmental awareness and education activities. In Hong Kong, where Morgan Stanley has been a Double Diamond member of WWF for years, the Firm organizes environmental volunteering and educational site visits for employees and family members at regular intervals. In India, employees work closely with local NGO Hariyali on reforestation initiatives and in Australia, employees support the Bush Heritage Foundation, among many other initiatives.

Fundraising

Morgan Stanley employees regularly participate and compete in many local team sports events to raise funds for local charities. In India, employees and clients unite annually in the Morgan Stanley Walkathon to raise funds; in Singapore, employees participate in the Singapore Bull Run for charity race; and in Hong Kong, the Firm traditionally supports the Dragonboat Races with a mixed team, the Matilda Sedan Chair Race on the Peak, and the Walk-up Jardine House Race.

Workplace Giving and Financial Support

Major employee giving programs coordinated by the Firm's charity committees in China, Hong Kong, Australia, Singapore, Taiwan and Mumbai in addition to Firm charitable donations and arts sponsorships accounted for more than \$1,050,000 in benefits to local communities.



Highlights from Japan

Morgan Stanley and its employees in Japan supported a wide range of charitable activities through the Inspire philanthropy program, the Firm's six-year-old effort that encourages employees to make contributions to their communities.

Children's Health and Education

Enriching the Lives of Underserved Children

The Inspire program, a combination of Firm financial support and extensive employee volunteering, continued to assist a number of Japanese organizations focused on children in 2008. Among the Inspire projects:

- The Tokyo Volunteer Committee expanded its activities by adding *Fukudenkai*, a small orphanage with a history of over 120 years in Tokyo, as one of the Inspire core charities. Over the past years and in 2008, Morgan Stanley employees engaged heavily with *Fukudenkai* inviting children to the Firm's family day events, making donations and participating in the orphanage's weekend activities.
- The sixth annual Inspire Holiday Season Charity Appeal benefitted many children in the community. From the funds raised in the appeal, Morgan Stanley was able to join with Inspire partners to fund significant community projects. With *Hope Worldwide Japan*, the Firm co-organized a barrier-free classical music concert for physically challenged children. Working with

Make-A-Wish of Japan, the Firm fulfilled the wishes of seven children with life-threatening illnesses. The Appeal funds were also used to provide financial support to educational programs for underserved children, refurbishment of buildings at an orphanage, and children's camps outside the Tokyo region.

- For the fifth year running, Morgan Stanley co-organized and sponsored the annual Tokyo Charity Cup, a soccer tournament. Morgan Stanley teams, among the 200 participants from finance and law industries, played in the tournament that raised **\$20,000** for a number of charities supporting underprivileged children including orphanages and child social welfare organizations.
- Coinciding with Morgan Stanley's "Global Environmental Awareness Day" in June, the Firm launched "Eco Cap Recycle Campaign," an environmental initiative to benefit children by recycling the caps of plastic bottles. Collected caps are sold to recycling companies and the proceeds from the sale are donated to a charity that supplies vaccines to save children in developing countries from the devastation of polio.



Diversity

Connecting Cultures Through Education

Morgan Stanley has continued its support of scholarships that promote positive relations between Japan and the U.S. by providing grants to students participating in the *U.S.–Japan Bridging Foundation* program. Through the program, Morgan Stanley awarded grants to two U.S. students to study in Japan in 2008.

Arts and Culture

Drama Workshop with the Challenged

In June, as part of Global Volunteer Month, Morgan Stanley Japan participated in a drama entertainment and therapy workshop with the physically and mentally challenged at *Palette*, a local charity. Through drama therapy, a relatively new approach in Japan's philanthropic community, participants practiced short plays and explored a variety of new ways of communicating and expressing themselves.

Employee Engagement

Workplace Giving and Financial Support

More than 50% of Morgan Stanley employees in Japan invested time in charitable activities in 2008. These activities included food distribution for the homeless; taking physically challenged children to Tokyo Disneyland; the annual blood drive; charity marathons and walks; agricultural activities in rural communities; and a clothing drive that collected three tons of clothes to donate to the *Salvation Army Japan*.

The Firm also organized the second “Global Team Building Workshop” with college students from *Ashinaga*, a charity that provides financial and educational support, as well as emotional care programs for orphan students. The program, which was conducted in English, included icebreaker games and team-building exercises, and demonstrated how teams can work together towards a single goal. The participants practiced their English speaking skills and took part in fun activities.

Employees in Japan took part in many fundraising events during the course of 2008. In Tokyo's fourth annual *FIT (Financial Industry in Tokyo) for Charity Run* in November, which Morgan Stanley co-sponsored, the Firm's participants were among more than 4,700 people from the financial industry who ran and walked in Kasumigaoka National Stadium, built for the 1964 Olympics in Tokyo. The event raised more than **\$620,000** to support 10 community charities.

Underscoring their generosity, employees gave approximately JPY 12.5 million in support of the Firm's sixth annual Inspire Holiday Season Charity Appeal. With the Firm's matching gift, **\$270,000** was donated to support specific projects at fourteen local charities including *Ashinaga*, *House for Women “Saalaa,” Ichiryukai*, *Knowing Is Doing Something (KIDS)*, *Make-A-Wish of Japan*, *Run for the Cure Foundation*, *Second Harvest Japan* and *Tokyo English Life Line (TELL)*.



Morgan Stanley's Broader Corporate Social Responsibility

Morgan Stanley's commitment to doing our share as a responsible corporation goes well beyond philanthropy. We believe that the way we do business matters, and offer a comprehensive, fully integrated spectrum of initiatives designed to benefit our clients and the world as a whole.

Championed by our new Environment, Social Finance and Community Reinvestment Group, Morgan Stanley harnesses our unique financial acumen and capital markets expertise to advance policies, initiatives and commercial transactions that drive a triple bottom line of economic, social and environmental returns.

Environmental Stewardship

Morgan Stanley is committed to being a responsible steward of the environment, leveraging both our internal resources and our commercial impact to protect and sustain a healthy natural environment. Contributions we make with our clients and via our own private capital investment and trading activities help minimize environmental and social risks, and can have positive impacts on communities, businesses, governments and the environment. We believe that our approach to

environmental issues helps us pursue our principal focus of creating long-term value for our shareholders and serving the long-term interests of our clients.

We rely on our core strengths as a global financial services firm, with expertise in investment banking, securities trading and private capital investments, to support clients, companies and stakeholders addressing environmental sustainability. Morgan Stanley advises on industry-defining financing transactions and mergers and acquisitions in the clean energy industry. We finance clean energy projects such as large-scale wind and solar farms and geothermal power plants. In 2008, Morgan Stanley was named sellside advisor of the year by *New Energy Finance*. Key transactions, such as advising on the sale of Xantrex Technology Inc. to Schneider Electric and the sale of ErSol Solar Energy AG to Bosch, put Morgan Stanley at the top of the global M&A league table. Morgan Stanley also participated in important capital raises, such as the successful private placement of more than \$200 million in thin-film solar company, Miasole.

We have also established a leading carbon trading group and principal capital investment expertise focused on the growing number of clean energy investment opportunities. At year-end 2008, Morgan Stanley had over \$2 billion invested in wind, solar and geothermal power projects located throughout the United States. In 2008, Morgan Stanley also implemented a Sustainability Strategy for our real estate portfolio.



Morgan Stanley is also committed to raising awareness of environmental issues among our employees. In 2008, Morgan Stanley hosted Global Environmental Awareness Day to promote employee environmental involvement and education at offices globally. We hosted events to educate Morgan Stanley employees on the Firm's environmental activities as well as recent developments and future activities within the renewable energy investment space. Morgan Stanley employees also had the opportunity to calculate their personal carbon footprint and learn about ways to reduce their environmental impact. We also provide employees with ongoing opportunities to volunteer with environmentally focused organizations in their local communities.

Finally, Morgan Stanley works to continually enhance our own internal operations and to minimize our direct impact on the environment through pursuing best practices in facilities management and product procurement. In 2008, we implemented a comprehensive retro-commissioning project on our largest NY properties, which improved the efficiency of the plant and infrastructure and significantly reduced our carbon footprint associated with those properties. Specifically, the retro-commissioning reduced the carbon footprint of our largest properties by 5–8%. We also achieved LEED certification for our offices in São Paulo, Ohio, Utah and New York. We have expanded our use of recycled and recyclable materials, and purchased “green” power for a number of our buildings both in the U.S. and the U.K. We also invested in extensive environmental training for our facility and engineering staff, and by the end of the year, 16 were formally LEED AP accredited.

Social Finance

Morgan Stanley's Social Finance practice aims to be a trusted partner to its corporate, investor and governmental clients on strategic issues related to socially minded business ventures. By leveraging its core skills—financial analysis, capital markets intermediation and strategic advisory—Morgan Stanley works with clients to analyze, structure and finance projects that contribute to society across a range of social issues.

Morgan Stanley has developed particular expertise in microfinance through our work with microfinance institutions, providers of loans to low-income micro-entrepreneurs without access to the traditional banking sector. To date, Morgan Stanley has intermediated over \$250 million of capital to microfinance institutions, providing medium-term funding to over 300,000 micro-entrepreneurs in 20 developing countries across the globe. One of these transactions, BOLD 2007-1, was named the *Financial Times 2008 Sustainable Deal of the Year*.

Being a trusted partner also means providing thought leadership. In 2008, Morgan Stanley cosponsored a ground-breaking conference on microfinance and the capital markets. The conference also featured an innovative Microfinance Case Study Competition where nine teams of Morgan Stanley employees worked with participating microfinance institutions over a four-week period prior to the conference to develop high-level, strategic case studies on topics of relevance to the participating institutions. The winner of the competition, Nicaragua's BANEX (formerly FINDESA), received three months of *pro bono* advisory from Morgan Stanley. This type of skills-based employee volunteer activity allows Morgan Stanley to lend its human capital to make positive, long-term impacts on socially-minded ventures and the communities they serve.



Community Reinvestment

Morgan Stanley is committed to being a strong and impactful partner to our communities. As part of our commitment, we are focused on promoting economic development and opportunity for individuals and neighborhoods in need.

Through Morgan Stanley Bank N.A., headquartered in Salt Lake City, Utah, we maintain an active Community Reinvestment Act (“CRA”) program. CRA directs banks to provide loans, investments and services to low- and moderate-income geographies and individuals, with the goal of providing affordable housing, homeownership and employment opportunities to the communities served by the bank. On our last two CRA exams in 2003 and 2006, Morgan Stanley Bank received “Outstanding” CRA ratings (the highest possible rating) from the Federal Deposit Insurance Corporation.

Morgan Stanley Bank N.A. is an active partner to neighborhoods in our assessment area in the following key community development areas:

- Affordable Housing Development
- Neighborhood Revitalization
- Neighborhood Preservation
- Foreclosure Prevention
- Homeownership Preservation
- Investment in Small Businesses
- Asset Building
- Education Through Investment
- Essential Community Services

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