

Morgan Stanley

Business Continuity Planning Information

To our Clients and Prospective Clients of our securities businesses:

As part of our ongoing commitment to inform and engage our clients and for compliance with FINRA Rule 4370, we would like to give you an update on Morgan Stanley's Business Continuity Management ("BCM") Program.

Morgan Stanley has taken significant steps to mitigate the impacts of business interruptions resulting from a wide variety of potential events, including the loss of key facilities and resources.

A Global Business Continuity Management Policy and Program has been implemented, in compliance with applicable regulations and guidelines, to establish a framework for how the firm manages and controls identified risks resulting from disasters and other significant business disruptive events.

Our BCM Program is organized into the following components: Business Continuity Risk Scenarios; Business Impact Analysis and Business Unit Planning; Crisis Management; Infectious Disease Preparedness; Business Continuity Testing; Work Area Recovery.

The Business Continuity planning process begins with each business division reviewing its business continuity risk scenarios. This process encompasses all aspects of the Firm's key activities. Business units then develop plans to mitigate interruptions of processes deemed critical. Critical data and system applications are replicated, and alternative systems and procedures, including manual work-arounds, are identified to enable continued functionality upon the occurrence of an event. The individual business unit plans are captured and updated in a disaster recovery application and database, and the plans reviewed on a semi-annual basis. Testing is undertaken involving business divisions and support functions, such as information technology, facilities, operations, finance and internal audit.

Disaster recovery plans are in place for critical facilities and resources on a company-wide basis, and redundancies are built into the systems as deemed appropriate. Recovery times vary according to the criticality of certain businesses and functions.

For Staff and Work Area Recovery, following a Recovery Time Objective of 4-24 Hours¹, Branch Office Recovery essential personnel are relocated to other branch offices and/or work from home. Customer toll-free lines are redirected to Call Centers with qualified service personnel, or to other branches. Any functions not handled by a Call Center are performed by a regional service center or another branch. As part of our recovery strategy, Non-Branch Office (Department) Recovery essential personnel are relocated to contingency facilities both within and outside of our major metropolitan facilities. Some staff members are already pre-positioned in facilities outside of those major metropolitan facilities. Recovery essential personnel may also make use of remote computing, manual workarounds and transference to other Morgan Stanley offices.

For Data Center Recovery, following a Recovery Time Objective of 4-24 Hours¹, Morgan Stanley has implemented a data center back-up strategy both within the Greater New York Area, in distant facilities in the Southwestern, Central and Western United States, and across hub locations in Europe and Asia including London, Hong Kong and Tokyo. Each of these data centers is housed in a hardened facility protected by emergency power, and serviced by separate utility grids and multiple telecommunications carriers.

Another key element of our program is a command and control network designed to monitor systems and events, manage escalation procedures, and provide a rapid response mechanism to address critical issues. The objective of the network is to enable Firm management on both a global and regional basis to monitor and manage a BCM incident and any material impact an event may have on the Firm's business activities.

We believe that our Firm's successful response to events, including the events on September 11th, the 2003 East Coast Blackout, the 7/7 attacks in London, and the SARS outbreak across Asia, is a reliable indicator of the effectiveness of our BCM approach. While our plans attempt to manage the potential likely impact of a wide variety of scenarios, any specific response will inevitably be highly dependent upon the nature and extent of the incident. Our plans are subject to modification at any time.

¹Recovery times vary according to the criticality of certain businesses and functions. Under these conditions, a four-hour recovery is contingent on the nature of the event and that critical industry and municipal infrastructure are fully functional. To the extent possible, the Firm intends to continue business during the outage.