



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Morgan Stanley

Person to be contacted regarding this report:	Paul Wirth
CPP Funds Received:	\$10,000,000,000
CPP Funds Repaid to Date:	\$10,000,000,000
Date Funded (first funding):	10/28/2008
Date Repaid ¹ :	6/17/2009

RSSD: (For Bank Holding Companies)	2162966
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	New York
State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	During the period of 2009 that Morgan Stanley had CPP funds outstanding, Morgan Stanley used CPP Capital and privately raised capital for a variety of functions including lending to businesses.
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<input checked="" type="checkbox"/> To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Primarily commercial lending
<input type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	

☒	Reduce borrowings	<p>CPP Capital and privately raised capital were used to reduce Morgan Stanley's reliance on short-term unsecured borrowings.</p>
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	<p>During the period of 2009 that Morgan Stanley had CPP funds outstanding, Morgan Stanley used CPP Capital and privately raised capital for a variety of functions including: underwriting securities offerings for clients and increasing Morgan Stanley's capital.</p>

What actions were you able to avoid because of the capital infusion of CPP funds?

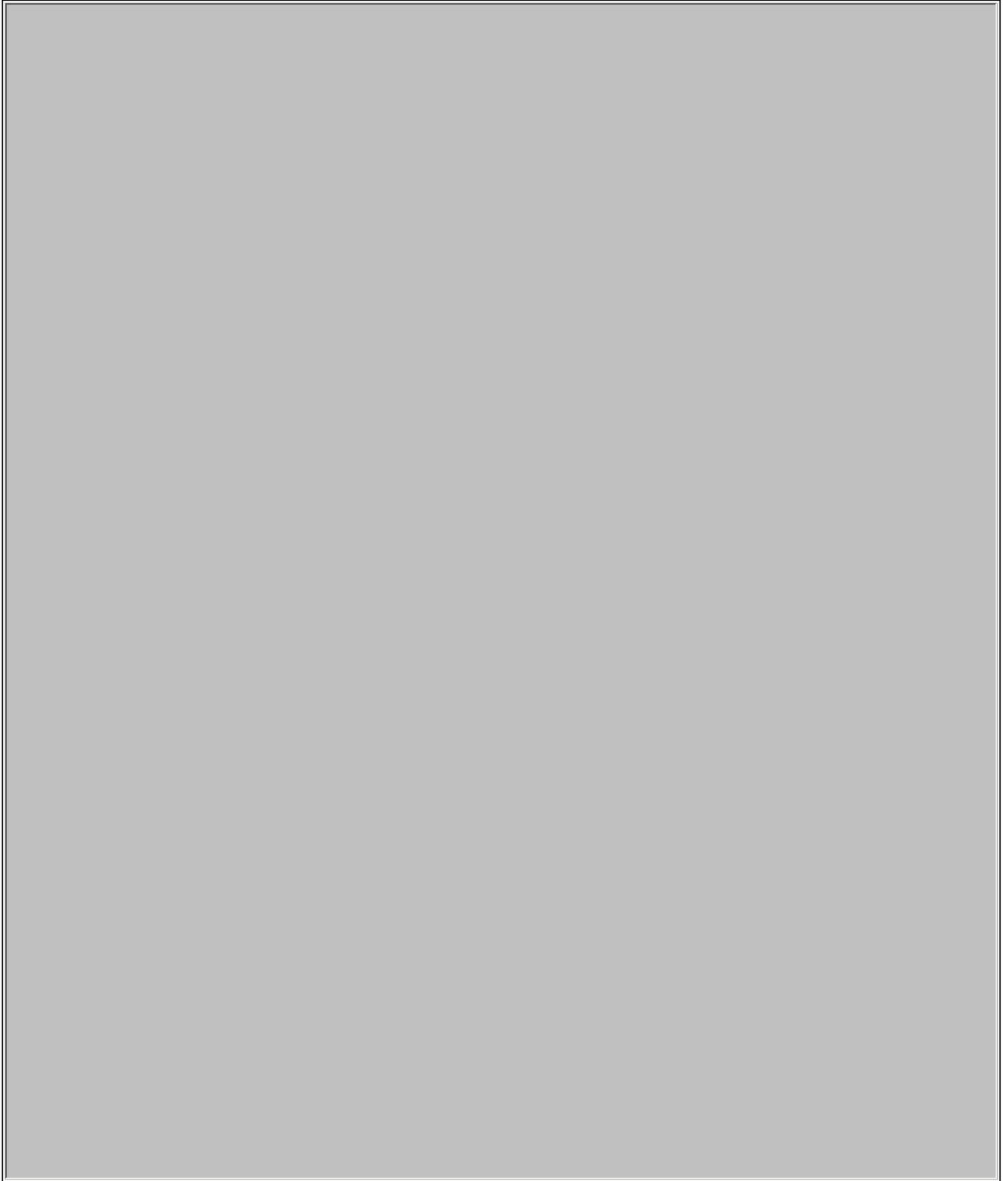
It is difficult to speculate about that would have happened if the Federal Government had not taken this and other steps to stabilize the financial system during the financial crisis. After Lehman Brothers collapsed in September 2008, the world's financial markets began to panic. The various steps taken by the Federal Government, including the U.S. Treasury Capital Purchase Program, helped restore confidence in the stability of the financial system as a whole, and thereby helped Morgan Stanley and other firms to continue to assist their clients in accessing the world's capital markets.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Morgan Stanley's receipt of \$9 billion from Mitsubishi UFG Financial Group, conversion to a bank holding company, and receipt of CPP Capital, all provided the marketplace with more certainty about the strength of Morgan Stanley's financial position and helped ensure that the Firm would possess the stability and flexibility necessary to engage our counterparties and support and serve our clients.

The capital provided to Morgan Stanley and other financial firms through U.S. Treasury Capital Purchase Program in the fall of 2008 ("CPP Capital") played an important role in stabilizing the entire financial system during a period of unprecedented turmoil. Morgan Stanley repaid the CPP Capital in the spring of 2009 and repurchased the related warrants at a price that provided the U.S. taxpayers with a 20 percent annualized return on the investment.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.