

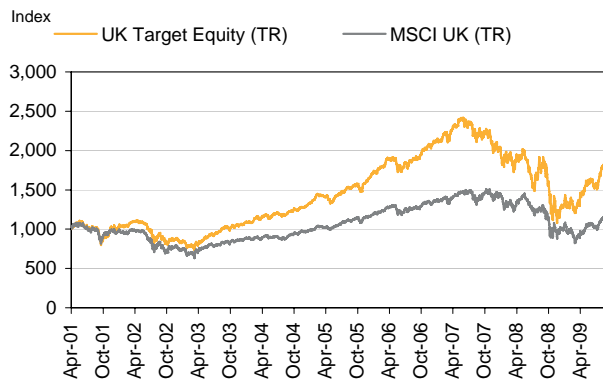
UK Target Equity (TR)

Morgan Stanley Target Equity Index Family

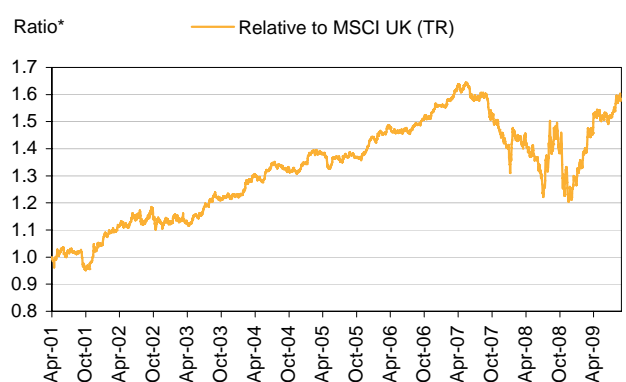
The Target Equity Index Family is a series of indices that seek to identify undervalued stocks that could generate attractive returns. The indices screen stocks using similar valuation metrics to those often used by private equity investors and corporate buyers to identify their targets. There are Global, European, Asia, US, UK and Japanese indices. There is also a Global Shariah compliant index available. Each index in the Target Equity Index Family is available in two versions - price return and total return (net dividends re-invested). The indices are independently calculated daily by S&P.

Any performance data for the index prior to the Index Live Date has been calculated retrospectively, based on simulated historical performance. Retrospective index calculation based on simulated performance is purely hypothetical and may not be an accurate or meaningful comparison. Past performance (actual or simulated) is not necessarily indicative of future results.

Absolute returns



Relative returns



Source: Morgan Stanley as at 31 Aug 2009; *Target Equity index level/Benchmark index level
Past performance (actual or simulated) is not an indicator of future performance

Annual Returns

	01*	02	03	04	05	06	07	08	09**	Simulated*** Apr01-Jul07	Live*** Jul07-Aug09**
Annual return											
UK Target Equity (TR)	1.7%	-17.1%	29.5%	22.0%	28.4%	23.9%	-3.8%	-35.7%	43.9%	14.4%	-9.1%
MSCI UK (TR)	-2.7%	-23.4%	18.8%	11.5%	20.1%	14.6%	6.5%	-28.5%	15.0%	6.4%	-9.2%
Annual excess return vs benchmark											
UK Target Equity (TR)	4.4%	6.3%	10.8%	10.5%	8.4%	9.4%	-10.4%	-7.3%	28.9%	8.1%	0.1%
Volatility											
UK Target Equity (TR)	20.5%	21.7%	16.6%	9.4%	9.9%	12.4%	18.7%	42.5%	28.2%	15.4%	34.7%
MSCI UK (TR)	21.9%	26.7%	18.6%	10.0%	8.4%	12.3%	17.0%	36.7%	25.8%	17.0%	30.5%
Risk adjusted returns[^]											
UK Target Equity (TR)	0.08	-0.79	1.78	2.34	2.87	1.94	-0.20	-0.84	1.56	0.94	-0.26
MSCI UK (TR)	-0.12	-0.88	1.01	1.15	2.38	1.19	0.39	-0.78	0.58	0.37	-0.30

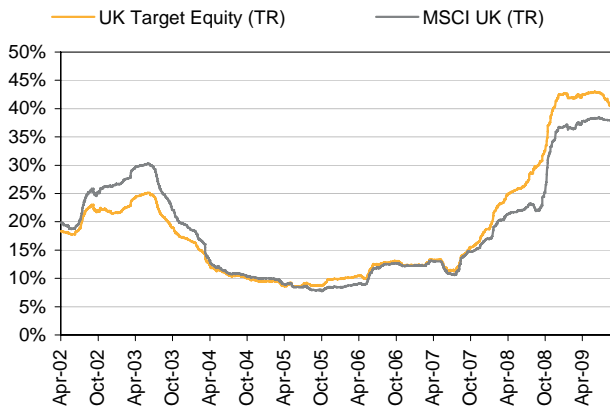
Source: Morgan Stanley as at 31 Aug 2009; * Index starts 4 April 2001, ** 31 August 2009; *** Annualised; ^ Annual return / volatility
Past performance (actual or simulated) is not an indicator of future performance

Index Facts

Bloomberg Ticker	MSIQUTPT Index	Index Type	Total Return
Ric	.MSIQUTPT	Weighting	Equal
Currency	GBP	Rebalancing frequency	Quarterly
Calculation Agent	S&P	Number of Constituents	50
Index Sponsor	Morgan Stanley	Index Live Date	1 July 2007

UK Target Equity (TR)

Volatility - rolling 12 month

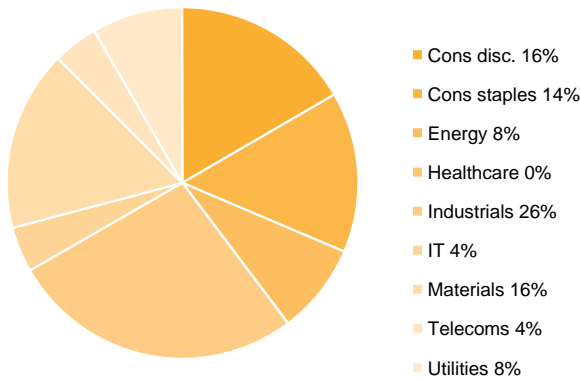


Monthly Returns

	UK Target Equity (TR)	MSCI UK (TR)
Aug-09	8.6%	7.3%
Jul-09	12.2%	8.5%
Jun-09	-2.8%	-3.3%
May-09	3.6%	4.6%
Apr-09	13.8%	8.9%
Mar-09	6.2%	3.1%
Feb-09	-1.4%	-7.1%
Jan-09	-1.5%	-6.5%
Dec-08	5.5%	3.7%
Nov-08	-3.7%	-1.5%
Oct-08	-18.3%	-10.6%
Sep-08	-14.4%	-12.9%

Source: Morgan Stanley as at 31 Aug 2009; Past performance (actual or simulated) is not an indicator of future performance

Sector Allocations (at date of last rebalance*)



Best and Worst performers (since latest rebalance*)

Top 5 performers

Name	Performance
Cookson Group PLC	62%
Kazakhmys PLC	57%
British Airways PLC	53%
Logica PLC	50%
SIG Plc	49%

Worst 5 performers

Name	Performance
BAE Systems PLC	-4%
Compass Group PLC	-3%
BG Group PLC	-1%
Associated British Foods PLC	2%
Rexam PLC	5%

Source: Morgan Stanley; * 3 Jul 2009, performance until 31 Aug 2009
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Important Information

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