

March 6, 2009

Research
India

India Strategy

Dealing with Uncertainty - Part 1: The Forthcoming General Elections

MORGAN STANLEY RESEARCH

Morgan Stanley India Company Private Limited+

Ridham Desai
Ridham.Desai@morganstanley.com

Sheela Rathi
Sheela.Rathi@morganstanley.com

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Dealing with Uncertainty - Part 1: The Forthcoming General Elections

- The market's performance in the coming months hinges on two key factors: how the world shapes up and the general election results in May. The former will more or less determine absolute returns while the latter may play a greater role in relative returns in 2009 and beyond.
 - **So why are the elections important?** The best chance for India to partly overcome the impact of global slowdown is that the government boosts infrastructure spending. Add to this the bad fiscal situation. This makes funding of a spending program using public debt very difficult and hence as a corollary government will need to privatize assets or raise multi-lateral agency loans. The next general elections become unduly important for the market. If we get a fragmented verdict from the electorate, it could hamper policymaking, which in turn could have negative implications on growth and the markets. A third government will likely struggle to push forward a growth agenda whereas a narrow coalition government led by either the Congress or the BJP will likely surprise positively with reform.
 - **Why are the outcomes uncertain?** Recent state elections have produced mixed results and suggest that forthcoming general elections are too close to call. Hitherto, it was safe to assume that the incumbent would lose elections. However, since the end of 2007, 6 out of 11 incumbent governments have won elections compared to just 8 out of 31 in the preceding five years.
 - **Is the historical pattern of pre-election performance likely?** Given the lack of predictability surrounding these elections and their importance to the market, the probability of a pre-election rally looks low. Post elections, depending on the outcome, the market could go either way. Historically, over the past 15 years, the market has rallied ahead of elections in anticipation of a narrow coalition government and sold off post election since each successive government has been a broader coalition than the previous one. On an average, over the past four polls spanning 13 years, the BSE Sensex has risen 15% in the 4 months preceding the elections. Ultimately, whether the market sustains its post election move will depend on how the new government formulates its economic package.
 - **What should investors expect?** We are not psephologists but still take a shot at possible election outcomes and attach probabilities to each outcome. Accordingly, there appears to be a 40% chance of a result that the market may not like. See page 3 for a chart on possible outcomes.
 - **What is the problem with a bad election outcome?** Investors need to be most wary of a third front government. The country has had three instances of third front governments. The economic performance during those short-lived governments was not something to write home about.
 - **What's priced in?** From our conversations with clients, the market appears to be pricing in a broad coalition government led by one of the two large national parties (Congress or BJP). The market is therefore likely to react more violently if we get one of the extreme outcomes (a relatively narrow coalition) or a third front government or a government with the Left parties supporting it. By our calculations there is a better than one in two chance of getting any one of these.
 - **What should investors monitor in the run up to the elections?** Regional parties (defined loosely here as non-BJP and non-Congress) have gained prominence in national politics over the past 10 years with a greater-than-50% share in the national vote and nearly half the parliament seats in 2004. They are likely to retain their dominance over the traditional national parties and hence play a critical role in government formation. To that extent, pre-poll alliances will be crucial to election results. Investors should keep an eye on how national parties form their alliances in the run up to the general elections.
 - **Conclusion:** The event is known but the outcomes are unknown. This is a typical investment challenge. Our approach is to wait for the outcome before we reduce defensiveness in our portfolio. The reason is that the probability of downside and extent of such a downside appears to be outweighing the probability of upside and the extent of the upside (put together, of course).
-

Election scenarios and market outcomes

Election Scenarios

20% probability

80% probability

Narrow Coalition Govt.

180+ seats for either Congress or BJP

Broad Coalition Govt.

Lead party with less than 150 seats

30% probability

30% probability

40% probability

Congress-led coalition

BJP-led coalition

Third front

Excluding Left parties

Including Left parties

80% probability

20% probability

12M fwd mkt perf
rel to EM

~+25%

~+10%

~-10%

~+10%

~-25%

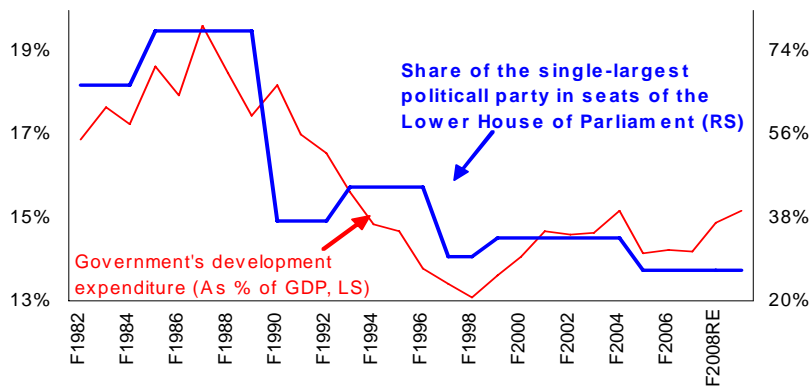
Regional parties could be critical again

The rising prominence of regional parties has complicated Indian politics. The impact on development is also being felt given the varying priorities of coalition partners in broad coalition governments.

Track Record of Third Front Govts.: Not Attractive

	1977-80	1989-91	1996-98
Coalition name	Janata Party + Allies	Janata Dal + Allies	United Front
Average GDP growth	2.6%	5.7%	6.1%
BSE Sensex returns	Started in 1979	85%	5%
No of months the Govt. lasted	24	19	22
No. of Prime ministers	2	2	2

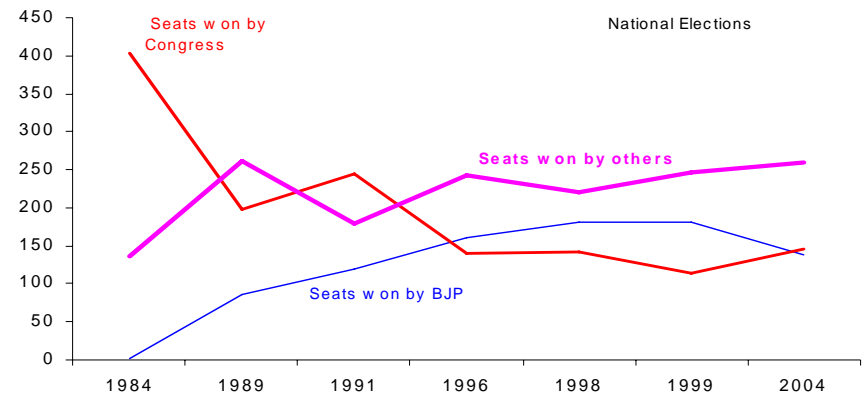
Weak Government = Weaker Development



Regional Parties at the Helm of Affairs

Year	Vote share			Seat Count		
	BJP	Congress	Others	BJP	Congress	Others
1984	7.7%	49.1%	43.2%	2	404	137
1989	11.4%	39.5%	49.1%	85	197	261
1991	20.0%	36.6%	43.4%	120	244	179
1996	20.3%	28.8%	50.9%	161	140	242
1998	25.6%	25.8%	48.6%	182	141	220
1999	23.8%	28.3%	48.0%	182	114	247
2004	22.2%	26.7%	51.2%	138	145	260

Regional Parties Gain Share in National Vote/Seats

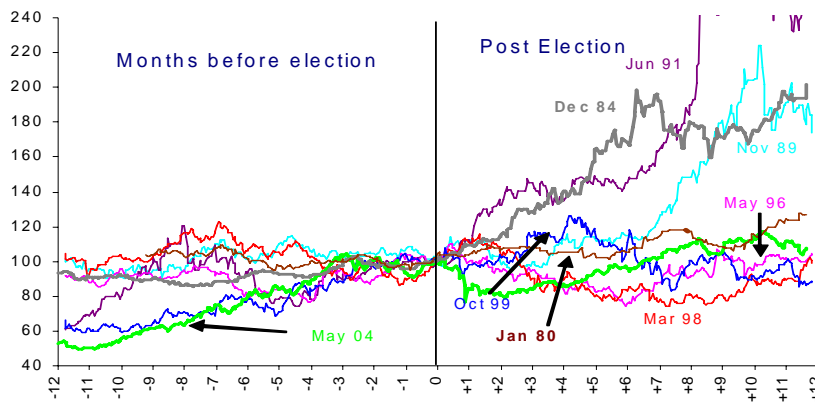


Sources: RBI, Budget documents, Election commission, Bloomberg, Morgan Stanley Research Please note RE: Revised documents

Markets do well before elections but may be not this time

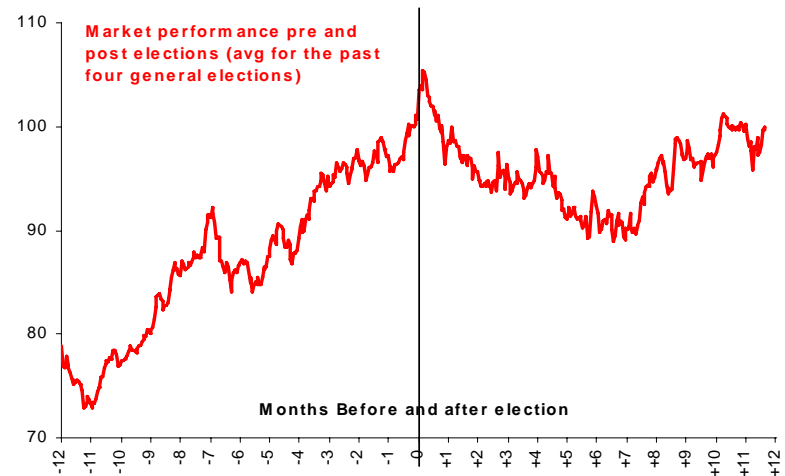
Elections	Lead Party in Govt	Govt's share in total seats	Lead Party's Share in Alliance	P/B at Election time	-6M	-3M	-1M	1M	3M	6M	12M
May-04 2004	INC	58.9%	45.3%	3.4	27.5%	-0.7%	4.5%	-14.1%	-17.2%	-3.7%	7.5%
Oct-99 1999	BJP	54.9%	61.1%	3.8	25.7%	13.5%	-2.5%	-2.2%	15.1%	15.7%	-12.5%
Mar-98 1998	BJP	50.6%	66.2%	3.5	-6.5%	5.1%	11.7%	10.2%	-9.7%	-14.6%	-0.9%
May-96 1996	JD	44.6%	19.0%	3.3	25.0%	5.9%	-3.3%	0.2%	-5.0%	-23.6%	4.3%
Jun-91 1991	INC	51.6%	87.1%	3.2	6.4%	8.1%	0.0%	9.8%	41.8%	48.1%	142.9%
Nov-89 1989	JD	48.1%	54.8%	7.3	-2.8%	-2.1%	-7.5%	12.6%	-0.6%	14.6%	73.7%
Dec-84 1984	INC	78.8%	NA	NA	9.9%	3.3%	4.0%	8.5%	29.8%	70.3%	102.1%
Jan-80 1980	INC	67.6%	NA	NA	-3.3%	0.4%	2.7%	3.3%	7.8%	6.0%	26.5%
Overall average					10.2%	4.2%	1.2%	3.5%	7.8%	14.1%	43.0%
Average for coalition governments					10.4%	4.4%	0.6%	1.3%	-3.5%	-2.3%	14.4%

Market Performance Pre and Post Elections



Sources: Bloomberg, Morgan Stanley Research

Macro and Market Need a Good Election Result



Incumbency is a lesser curse?

28 out of 42 sitting governments have been voted out of power since 2002 whereas 6 out of 11 incumbents have been voted back to power over the past 13 months.

Year	State	Elected Party	Incumbent Party	Who is Winning?
2002	Uttar Pradesh	BSP	Samajw adi Party+BSP	++
2002	Gujarat	BJP	BJP	Incumbent
2002	Himachal Pradesh	Congress	BJP	++
2003	Jammu & Kashmir	PDP	Nat. Conference	++
2003	Chattisgarh	BJP	Congress	++
2003	Delhi	Congress	Congress	Incumbent
2003	Madhya Pradesh	BJP	Congress	++
2003	Meghalaya	Congress	Manipur State Congress	++
2003	Mizoram	Mizo Nat Front	Mizo Nat Front	++
2003	Nagaland	Congress	Congress	Incumbent
2003	Rajasthan	BJP	Congress	++
2003	Tripura	Left Front	Left Front	++
2004	Andhra Pradesh	Congress	TDP+ BJP	++
2004	Arunachal Pradesh	Congress	Congress	Incumbent
2004	Karnataka	Janata Dal	Congress	++
2004	Maharashtra	Congress + NCP	Congress	++
2004	Orissa	BJD + Allies	BJD	++
2005	Bihar	Janata Dal	RJD	++
2005	Haryana	Congress	INLD	++
2005	Jharkhand	Congress	President's Rule	++
2006	Assam	Congress	Congress	Incumbent
2006	Kerala	CPI(M)	Congress	++
2006	Pondicherry	Congress	Congress	Incumbent
2006	Tamil Nadu	DMK	ADMK	++
2006	West Bengal	CPI(M)	CPM	++
2007	Uttaranchal	BJP	Congress	++
2007	Punjab	SAD- BJP	Congress	++
2007	Manipur	Congress	Congress	Incumbent
2007	Uttar Pradesh	BSP	BJP+BSP	++
2007	Goa	Congress	Congress + NCP	Incumbent
2007	Himachal Pradesh	BJP	Congress	++
2007	Gujarat	BJP	BJP	Incumbent
2008	Meghalaya	UDP	Congress	++
2008	Tripura	CPI(M)	CPI(M)	Incumbent
2008	Nagaland	NPF	NPF	Incumbent
2008	Karnataka	BJP	JD-Congress Alliance	++
2008	Rajasthan	BJP	Congress	++
2008	Delhi	Congress	Congress	Incumbent
2008	Mizoram	Congress	Mizo Nat Front	++
2008	Chhattisgarh	BJP	BJP	Incumbent
2008	Madhya Pradesh	BJP	BJP	Incumbent
2008	Jammu & Kashmir	National Congress	Congress	++

Sources: Parliament of India, Election commission, Morgan Stanley Research *Please note others include the union territories*

Which states matter the most (State-wise Lok Sabha composition)

	Lok Sabha Seats	BJP	Congress	Others	Vacant Seats	Total	State Assembly Ruling Party
1	Uttar Pradesh	8	9	55	8	80	BSP
2	Maharashtra	11	13	23	1	48	Congress + NCP
3	Andhra Pradesh	0	30	10	2	42	Congress
4	West Bengal	0	6	36		42	Left Democratic Front
5	Bihar	5	3	26	6	40	BJP + JD (U)
6	Tamil Nadu	0	10	29		39	DMK + Allies
7	Karnataka	11	9	3	5	28	BJP
8	Madhya Pradesh	19	5	0	5	29	BJP
9	Gujarat	13	12	0	1	26	BJP
10	Rajasthan	19	4	0	2	25	Congress
11	Orissa	7	2	11	1	21	BJD + Allies
12	Kerala	0	0	20		20	Left Democratic Front
13	Assam	2	9	3		14	Congress
14	Punjab	3	2	8		13	SAD+BJP
15	Jharkhand	0	6	8		14	President's rule
16	Chhattisgarh	8	2	0	1	11	BJP
17	Haryana	1	8	0	1	10	Congress
18	National Capital Territory Of Delhi	0	6	0	1	7	Congress
19	Jammu & Kashmir	0	2	2	2	6	National Conference
20	Others*	0	3	3		6	
21	Uttaranchal	2	2	1		5	BJP
22	Himachal Pradesh	1	3	0		4	BJP
23	Arunachal Pradesh	2	0	0		2	Congress
24	Goa	1	1	0		2	Congress + NCP
25	Manipur	0	1	1		2	Congress
26	Meghalaya	0	2	0		2	Congress
27	Tripura	0	0	2		2	Left Democratic Front
28	Mizoram	0	0	1		1	Congress
29	Nagaland	0	0	1		1	NPF
30	Sikkim	0	0	1		1	Sikkim Democratic Front
	Total	113	150	244	36	543	

Sources: Parliament of India, Election commission, Morgan Stanley Research Please note others include the union territories. There are in all 37 seats vacant in Lok Sabha



Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations. For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

Disclosures Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited and their affiliates (collectively, "Morgan Stanley").

For important disclosures, stock price charts and rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Equity Research Management), New York, NY, 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Ridham Desai.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies.

Important US Regulatory Disclosures on Subject Companies

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

Disclosures (cont.)

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of February 28, 2009)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	714	32%	216	38%	30%
Equal-weight/Hold	1,003	44%	246	43%	25%
Not-Rated/Hold	33	1.5%	9	1.6%	27.3%
Underweight/Sell	507	22%	100	18%	20%
Total	2,257		571		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Not-Rated/Hold (NA or NAV) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months. Please note that NA or NAV may also be used to designate stocks where a rating is not currently available for policy reasons. For the current list of Not-Rated/Hold stocks as counted above in the Global Stock Ratings Distribution Table, please email morganstanley.research@morganstanley.com.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below. Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Disclosures (cont.)

Other Important Disclosures

Morgan Stanley produces a research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in this or other research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at www.morganstanley.com.

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities/instruments discussed in Morgan Stanley Research may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities or derivatives of securities of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities or derivatives of securities of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

Morgan Stanley and its affiliate companies do business that relates to companies/instruments covered in Morgan Stanley Research, including market making and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis.

With the exception of information regarding Morgan Stanley, research prepared by Morgan Stanley Research personnel are based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits. The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the closing price on the primary exchange for the subject company's securities/instruments.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index; or any securities/instruments issued by a company that is 30% or more directly- or indirectly-owned by the government of or a company incorporated in the PRC and traded on an exchange in Hong Kong or Macau, namely SEHK's Red Chip shares, including the component company of the SEHK's China-affiliated Corp Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.

Disclosures (cont.)

Morgan Stanley Research is disseminated in Japan by Morgan Stanley Japan Securities Co., Ltd.; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services licence No. 233742, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of Morgan Stanley Research in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International plc representative about the investments concerned. In Australia, Morgan Stanley Research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at wholesale customers only, as defined by the DFSA. This research will only be made available to a wholesale customer who we are satisfied meets the regulatory criteria to be a client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley Research, or any portion hereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities/instruments is available on request.

H4493R

The Americas
1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1)212 761 4000

Europe
20 Bank Street, Canary Wharf
London E14 4AD
United Kingdom
Tel: +44 (0)20 7425 8000

Japan
4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0)3 5424 5000

Asia/Pacific
1 Austin Road West
Kowloon
Hong Kong
Tel: +852 2848 5200