

November 15, 2010

Mr. James H. Thessin
Deputy Legal Adviser and
Designated Agency Ethics Official
U.S. Department of State
Washington, D.C. 20520-6310

RE: Ethics Undertaking

Dear Mr. Thessin:

The purpose of this letter is to amend my previously signed Ethics Agreement dated September 29, 2010, that describes the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Deputy Secretary of State for Management and Resources (Deputy Secretary).

In my September 29, 2010, ethics agreement, I agreed to divest the MS Global Distressed Opportunities Fund LP (DGO Fund). The DGO Fund is illiquid and has a limited market. Rather than divesting the DGO Fund, I will seek a waiver under 18 U.S.C. §208(b)(1) that will permit me to participate in particular matters affecting the underlying assets of the DGO Fund. Until I receive such a waiver, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the underlying assets of the DGO Fund.

In my September 29, 2010, ethics agreement, I agreed to divest my financial interest in the Morgan Stanley's Notional Leverage Co-Investment Plan (LCIP). My interest in the LCIP is a debt obligation of my employer, which effectively pays a return that tracks the cumulative gain or loss in value of 17 different investment funds. You have indicated that only 5 of these investment funds pose potential conflicts of interest with the duties of the position of Deputy Secretary. The 5 investment funds that pose potential conflicts of interest are: (1) FrontPoint Utilities & Energy; (2) FrontPoint Healthcare; (3) FrontPoint Financials; (4) Lansdowne European Strategic Fund; and (5) MS AIP Premium Partners II Fund. Rather than divesting my financial interest in the LCIP, I will seek a waiver under 18 U.S.C. §208(b)(1) that will permit me to participate in particular matters affecting those five investment funds listed above. Until I receive such a waiver, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the underlying assets of these three investment funds.

Mr. James H. Thessin
Page 2

I will continue to comply with the terms of my September 29, 2010, ethics agreement as modified by these revisions.

Sincerely,

A handwritten signature in black ink, appearing to be 'T. Nides', with a long horizontal flourish extending to the right.

Thomas R. Nides

September 29, 2010

Mr. James H. Thessin
Deputy Legal Adviser and
Designated Agency Ethics Official
U.S. Department of State
Washington, D.C. 20520-6310

RE: Ethics Undertaking

Dear Mr. Thessin:

I am committed to the highest standards of ethical conduct for government officials. If confirmed as Deputy Secretary of State for Management and Resources (Deputy Secretary), as required by 18 U.S.C. 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation I will resign from my position as Chief Operating Officer of Morgan Stanley. I may receive a pro rata bonus for work done during 2010. If I receive any such bonus, I will receive the bonus payment prior to assuming the duties of the position of Deputy Secretary of State. If I have not received any such payment before I assume the duties of the position of Deputy Secretary, I will forfeit the bonus. If I receive this bonus, I will not participate personally and substantially in any particular matter involving specific parties in which Morgan Stanley is a party or represents a party for a period of two years from the date on which I receive payment of the bonus, unless I first receive a written waiver pursuant to 5 C.F.R. § 2635.503(c). If I do not receive this bonus, I will not participate personally and substantially in any particular matter involving specific parties in which Morgan Stanley is a party or represents a party for a period of one year from the date of my resignation, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). I will not receive a severance payment in addition to this bonus.

I currently own shares in Morgan Stanley common stock, directly and through the Morgan Stanley Stock Fund, within my 401(k) pension plan. I also own vested stock options, vested restricted stock units, unvested restricted stock units, and unvested performance stock units with Morgan Stanley. I do not own any unvested stock options or any vested performance stock units with Morgan Stanley. Pursuant to my employment agreement with Morgan Stanley, as long as I do not work for a competitor of Morgan Stanley, my performance stock units and unvested restricted stock units with Morgan Stanley will vest upon my resignation. Within 90 days of my confirmation, I will divest my Morgan Stanley Stock Fund. Also, within 90 days

of my confirmation, I will divest all of my common stock, all of my vested stock options, all of my vested restricted stock units and all of my performance stock units in Morgan Stanley. If I divest the stock options by exercising them, I will divest the resulting stock within 90 days of my confirmation. Until I have divested all of these financial interests, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Morgan Stanley, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Within 90 days of my confirmation, I will cease to participate in Morgan Stanley's Notational Leverage Co-Investment Plan. This plan tracks several assets, including investment funds, but does not hold any underlying assets. With regard to each of these tracked assets, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the asset or its underlying holdings until I have ceased to participate in the plan, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Upon confirmation, I will divest my interests in the entities listed in Tab A within 90 days of my confirmation. With regard to each of these entities, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of that entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that I may be eligible to request a Certificate of Divestiture for these assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will invest the proceeds in non-conflicting assets.

My spouse is a Producer for the American Broadcasting Corporation, a subsidiary of the Walt Disney Company and she holds equity interests in the Walt Disney Company. Therefore, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interest of either of these entities, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I will seek a waiver to participate in certain particular matters related to media strategy. However, I understand that any such waiver will not cover particular matters involving specific parties in which the American Broadcasting Company is the sole party.

Upon confirmation, I will resign from my position as

Director of the Securities Industry and Financial Markets Association
Director of the Urban Alliance Foundation
Director of the Smithsonian National Zoo
Director of New York Cares
Director of Morgan Stanley Foundation
Director of Local Initiatives Supply Corporation
Trustee of the Anne S. Loeb 1987 Life Insurance Trust

For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I will recuse myself from participation on a case by case basis in any particular matter in which, in my judgment, I determine that a reasonable person with knowledge of the relevant facts would question my impartiality, unless I have been authorized to participate under 5 C.F.R. Part 2635, Subpart E.

Finally, I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'M' followed by a horizontal line extending to the right.

Thomas R. Nides