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Amsterdam
The Netherlands

WOBURN III COÖPERATIEVE U.A.

Report and Accounts

30 November 2007

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COMPANIES HOUSE

WOBURN III COOPERATIEVE U.A.

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WOBURN III COOPERATIEVE U.A.

DIRECTORS' REPORT

The Directors present their report and accounts for Woburn III Cooperatieve U A (the "Cooperatieve") for the year ended 30 November 2007

RESULTS AND DIVIDENDS

The profit for the year, after tax, was \$31,911,000 (2006 \$28,053,000)

During the year, no dividends were paid (2006 \$nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Cooperatieve is to make investments in financial instruments

The Cooperatieve was incorporated under Dutch law on March 5, 2001 and has its statutory seat in Amsterdam. The business office of the Cooperatieve is 25 Cabot Square, Canary Wharf, London, Great Britain

The Cooperatieve's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Cooperatieve and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group (the "Group")

The profit and loss account for the year is set out on page 6. Both the level of business during the year and the financial position at the end of the year were satisfactory

Future outlook

No significant change in the Cooperatieve's principal business activity is expected

Risk Management

Risk is an inherent part of the Cooperatieve's business activity and is managed within the context of the broader Group's business activities. The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities, in accordance with defined policies and procedures

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as liquidity, will result in losses for a position or portfolio

The Group manages the market risk associated with its trading activities in consideration of each individual legal entity, but on a global basis, at both a trading division and an individual product level

Credit risk

Credit risk refers to the risk of loss arising from borrower or counterparty default when a borrower, counterparty or obligor is unable to meet its financial obligations

The Group manages credit risk exposure in consideration of each individual legal entity, but on a global basis, by ensuring transparency of material credit risks, ensuring compliance with established limits, approving material extensions of credit, and escalating risk concentrations to appropriate senior management

Liquidity and cash flow risk

The Group's senior management establishes the overall liquidity and capital policies of the Group. The Group's liquidity and funding risk management policies are designed to mitigate the potential risk that the Group and the Cooperatieve may be unable to access adequate financing to service its financial obligations when they come due without material, adverse franchise or business impact. The key objectives of the liquidity and funding risk management framework are to support the successful execution of the Group's and the Cooperatieve's business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress

WOBURN III COÖPERATIEVE U.A.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The following Directors held office throughout the year (except where otherwise shown)

B Gill (appointed 20 December 2006)

A Goldstein (resigned 1 February 2007)

S I Merry

H S Rai

M C Slingo (resigned 20 December 2006)

AUDITORS

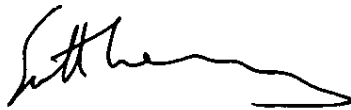
Deloitte Accountants B V has expressed their willingness to continue in office as auditors of the Cooperatieve and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

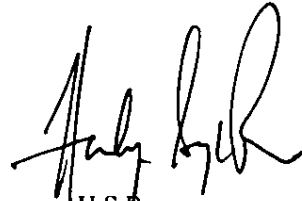
London, United Kingdom 25 February 2008



B Gill



S I Merry



H S Rai

Woburn III Cooperatieve U A
Amsterdam

Date
February 25, 2008

From
G J W Ros

Reference
3100228807/OP9997/ja

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year ended November 30, 2007 of Woburn III Cooperatieve U A , Amsterdam, which comprise the balance sheet as at November 30, 2007 and the profit and loss account for the year then ended and the notes

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code and pursuant to 2 362 sub 1 BW in accordance with United Kingdom Financial Reporting Standards, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

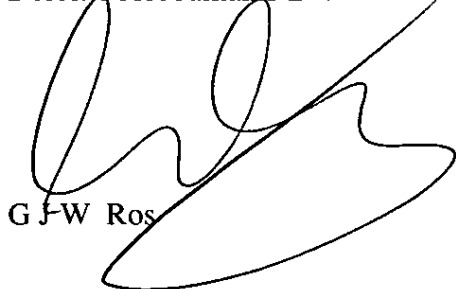
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Woburn III Cooperatieve U.A. as at November 30, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and pursuant to 2:362 sub 1 BW in accordance with United Kingdom Financial Reporting Standards.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.



G.J.W. Ros

WOBURN III COÖPERATIEVE U.A.

BALANCE SHEET

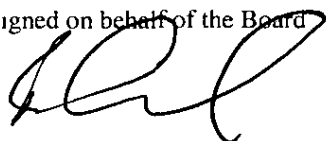
As at 30 November 2007

(Including proposed appropriation of net results)

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Debtors	9	611,068	679,443
Cash at bank		<u>137</u>	<u>128</u>
		611,205	679,571
 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	10	<u>(32,426)</u>	<u>(132,703)</u>
 NET CURRENT ASSETS		<u>578,779</u>	<u>546,868</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		<u>578,779</u>	<u>546,868</u>
 CAPITAL AND RESERVES			
Members' Capital Accounts	11	500,000	500,000
Unallocated results	12	78,779	46,868
 TOTAL MEMBERS' FUNDS		<u>578,779</u>	<u>546,868</u>

These accounts were approved by the Board on 25 february 2008

Signed on behalf of the Board



Director

B.G.W.

The notes on pages 7 to 10 form an integral part of the accounts

WOBURN III COÖPERATIEVE U.A.

PROFIT AND LOSS ACCOUNT Year ended 30 November 2007

	Note	2007 \$'000	2006 \$'000
Administrative expenses		<u>(12)</u>	<u>(12)</u>
OPERATING LOSS	4	(12)	(12)
Other interest receivable and similar income	6	33,694	34,587
Interest payable and similar charges	7	<u>(1,771)</u>	<u>(6,522)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31,911	28,053
Tax on profit on ordinary activities	8	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u>31,911</u>	<u>28,053</u>

All operations were continuing in the current and prior year

There were no recognised gains or losses during the current or prior year other than those disclosed above
Accordingly no statement of total recognised gains and losses has been prepared

A reconciliation of the movement in Members' funds and reserves is disclosed in note 12 to the accounts

The notes on pages 7 to 10 form an integral part of the accounts

NOTES TO THE ACCOUNTS
Year ended 30 November 2007

1. GENERAL

The financial period is from 1 December 2006 to 30 November 2007

The financial statements are prepared under the historical cost convention, and in accordance with the applicable Netherlands Civil Code

The Cooperative, having its statutory seat in Amsterdam, The Netherlands, currently operating from 25 Cabot Square, Canary Wharf, London, E14 4QA, England, enters into purchase and resale agreements ("Reverse Repos") or other financial assets in order to generate investment income

2 ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Netherlands Civil Code. The Cooperative is incorporated under the Netherlands Civil Code, and the Netherlands Civil Code permits the use of United Kingdom generally accepted accounting practice in the preparation of accounts on the basis of the Cooperative's international connections as stated in Article 362 1 of Book 2 of the Netherlands Civil Code

b) Functional currency

The accounts are prepared in US dollars, the currency of the primary economic environment in which the Cooperative operates

All currency amounts in the Directors' report, the accounts and the notes are rounded to the nearest thousand US dollars

c) Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rates ruling at the dates of the transactions. All other translation differences are taken through the profit and loss account

d) Interest

Interest income and interest expense is recognised on an accruals basis

e) Offsetting of financial assets and financial liabilities

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the balance sheet. All other amounts are presented on a gross basis

f) Taxation

UK corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Full provision has been made for deferred tax assets and liabilities arising from timing differences. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered, deferred tax assets and liabilities are not discounted

g) Cash flow statement

The Cooperative's ultimate parent undertaking produces a cash flow statement. Accordingly, the Cooperative, which is a wholly owned subsidiary, has elected to avail itself of the exemption provided in FRS 1 (*Revised 1996*) *Cash Flow Statements* and not produce a cash flow statement

WOBURN III COOPERATIEVE U.A.

NOTES TO THE ACCOUNTS

Year ended 30 November 2007

3. SEGMENTAL REPORTING

The Cooperative has only one class of business, as described in the Directors' Report and operates in one geographic market, the United Kingdom

4. OPERATING LOSS

	2007 \$'000	2006 \$'000
Operating loss is stated after charging		
Auditors' remuneration - audit fees	<u>12</u>	<u>12</u>

5. STAFF COSTS

The Cooperative employed no staff during the year (2006 Nil)

The Directors did not receive any remuneration for their qualifying services to the Cooperative during the year (2006 \$nil)

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 \$'000	2006 \$'000
Interest receivable from Group undertakings	<u>33,694</u>	<u>34,587</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 \$'000	2006 \$'000
Interest payable to Group undertakings	1,786	6,522
Foreign exchange gain	(15)	-
	<u>1,771</u>	<u>6,522</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2007 \$'000	2006 \$'000
UK corporation tax at 30% (2006 30%)		
- Current year	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

WOBURN III COÖPERATIEVE U.A.

NOTES TO THE ACCOUNTS

Year ended 30 November 2007

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the year

The current year UK taxation charge is lower than that resulting from applying the standard UK corporation tax rate of 30% (2006 30%) The main differences are explained below

	2007 \$'000	2006 \$'000
Profit on ordinary activities before tax	<u>31,911</u>	<u>28,053</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	9,573	8,416
Effects of:		
Group relief received for nil consideration	(9,573)	(8,416)
Current tax charge for the year	<u>-</u>	<u>-</u>

9. DEBTORS

	2007 \$'000	2006 \$'000
Other amounts due from Group undertakings	610,985	679,383
External counterparties	22	20
Corporation tax	<u>61</u>	<u>40</u>
	<u>611,068</u>	<u>679,443</u>

10. OTHER CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 \$'000	2006 \$'000
Amounts owing to Group undertakings	<u>32,426</u>	<u>132,703</u>

11. MEMBERS' CAPITAL ACCOUNTS

	2007 \$'000	2006 \$'000
Members' capital account A	<u>500,000</u>	<u>500,000</u>

WOBURN III COÖPERATIEVE U.A.

NOTES TO THE ACCOUNTS Year ended 30 November 2007

12. RECONCILIATION OF MEMBERS' FUNDS AND MOVEMENTS ON RESERVES

	A – member capital account \$'000	Profit and loss account \$'000	Total \$'000
At 1 December 2005	500,000	18,815	518,815
Profit for the year	-	28,053	28,053
At 1 December 2006	500,000	46,868	546,868
Profit for the year	-	31,911	31,911
At 30 November 2007	500,000	78,779	578,779

13. RELATED PARTY TRANSACTIONS

The Cooperative is exempt from the requirement to disclose transactions with fellow Group undertakings under paragraph 3(c) of FRS 8 *Related Party Disclosures*. There were no other related party transactions requiring disclosure.

14. PARENT UNDERTAKINGS

The ultimate parent undertaking and controlling entity and the largest group of which the Cooperative is a member and for which group accounts are prepared is Morgan Stanley. Morgan Stanley is incorporated in Delaware, the United States of America and copies of its accounts can be obtained from 25 Cabot Square, Canary Wharf, London E14 4QA.

The parent undertaking of the smallest group of companies for which group accounts are drawn up and of which the Cooperative is a member is Morgan Stanley & Co International plc, which is registered in England and Wales. Copies of its accounts can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

London, 25 February 2008

Management

B Gill

S I Merry

H S Rai

WOBURN III COÖPERATIEVE U.A.

ADDITIONAL INFORMATION

Year ended 30 November 2007

AUDITORS' REPORT

The auditor's report is included on pages 3 and 4

STATUTORY RULES CONCERNING APPROPRIATION OF NET RESULTS

Articles of Association Article 19, part 3 and 4, read as follows

- The surplus shall be allocated to the general reserve. Upon proposal to this effect by the Board, the General Meeting of Members may resolve to re-allocate amounts from the general reserve to all or any of the specific Dividend Accounts of all or any of the Members. The General Meeting of members may re-allocate such amounts in its absolute discretion.
- Losses shall be allocated first to the general reserve, thereafter to the Dividend Account Members, in proportion to the amount of their Member Capital Accounts and finally to the Member Capital Accounts in proportion to the amount of these accounts.

APPROPRIATION OF THE NET RESULTS FOR THE YEAR

Management proposes to transfer the profit for the year to the general reserve. This proposal has been included in the financial statements.

SUBSEQUENT EVENTS

No events have occurred since the balance sheet date which would change the financial position of the Cooperative and which would require adjustment of disclosure in the annual report now presented.