annum at least equal to the discounted rate for 90-day Treasury bills for the period since the investment and (b) the then fair value (as determined by the General Partner) of the interest, less amounts, if any, forfeited by the Limited Partner for failure to make required capital contributions.

28. The consequences to a Limited Partner who defaults on his or her obligation to fund a required capital contribution to the Partnership will be described in the applicable Partnership agreement. Such default provisions shall be on terms no less favorable than those applicable to third party investors in the related Investment Fund, will be fully disclosed to Eligible Employees at the time they are offered the right to participate in the Partnership, and the General Partner will not elect to exercise any alternative involving the forfeiture by the defaulting Limited Partner of a portion of his or her capital account if the defaulting Limited Partner is suffering from, or will suffer, severe hardship.

29. During the existence of each Partnership, books and accounts of the Partnership will be kept, in which the General Partner of the Partnership will enter, or cause to be entered, all business transacted by the Partnership and all moneys and other consideration received, advanced, paid out, or delivered on behalf of the Partnership. the results of the Partnership's operations, and each partner's capital. Such books will at all times be accessible to all partners of the Partnership, subject to certain reasonable limitations to address concerns with respect to, among other things, the confidentiality of certain information. In addition, for each fiscal year of a Partnership, the General Partner of the Partnership will cause an examination of the financial statements of the Partnership to be made by a nationally recognized firm of certified public accountants. A copy of the accounts' report with respect to each fiscal year, which will include the Partnership's financial statements, will be mailed or otherwise furnished to each partner of the Partnership within a specified period after the end of such fiscal year. Each Partnership also will supply all information reasonably necessary to enable the partners of the Partnership to prepare their Federal and state income tax returns. The General Partner generally also will furnish information regarding each Partnership to the Partners on a quarterly basis. It is expected that the scope and nature of the information furnished to the Limited Partners of any Partnership will be the same as that furnished to the third party

investors of the related Investment Fund.

Applicants' Legal Analysis

1. Section 6(b) provides that the SEC shall exempt employees' securities companies from the provisions of the Act to the extent that such exemption is consistent with the protection of investors. Section 2(a)(13) defines an employees' security company, among other things, as any investment company all of the outstanding securities of which are beneficially owned by the employees or persons on retainer of a single employer or affiliated employers or by former employees of such employers; or by members of the immediate family of such employers, persons on retainer, or former employees.

2. Section 6(e) provides that in connection with any order exempting an investment company from any provision of section 7, certain specified provisions of the Act shall be applicable to such company, and to other persons in their transactions and relations with such company, as though such company were registered under the Act, if the SEC deems it necessary or appropriate in the public interest or for the protection of investors

3. Applicants request an exemption under sections 6(b) and 6(e) of the Act from all provisions of the Act, and the rules and regulations thereunder, except section 9, sections 17 and 30 (except as described below), sections 36 through 53, and the rules and regulations

4. Section 17(a) provides, in relevant part, that it is unlawful for any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, knowingly to sell any security or other property to such registered investment company or to purchase from such registered investment company any security or other property. Applicants request an exemption from section 17(a) of the Act to the extent necessary to: (a) Permit an entity within the Morgan Stanley Group, acting as principal, to engage in any transaction directly or indirectly with any Partnership or any company controlled by such Partnership; (b) permit any Partnership to invest in or engage in any transaction with any entity, acting as principal, (i) in which such Partnership, and company controlled by such Partnership, or any member of the Morgan Stanley Group has invested or will invest, or (ii) with which such Partnership, any company controlled by such Partnership, or any entity within the Morgan Stanley Group is or will

become otherwise affiliated; and (c) permit a Non-MS Investment Fund Partner, acting as principal, to engage in any transaction directly or indirectly with the related Partnership or any company controlled by such Partnership. The transactions to which any Partnership is a party will be effected only after a determination by the Board that the requirements of Condition 1 below have been satisfied. In addition, these transactions will be effected only to the extent not prohibited by the limited partnership agreements or other organizational agreements of the related Investment Fund and the Partnership in question.

5. The principal reason for the requested exemption is to ensure that each Partnership will be able to invest in companies, properties, or vehicles in which an entity within the Morgan Stanley Group (including without limitation the related Investment Fund), or the entity's employees, officers, directors, or advisory directors, or the partners of or other investors in the related Investment Fund, may make or have already made an investment. The relief also is requested to permit each Partnership the flexibility to deal with its portfolio investments in the manner the General Partner deems most advantageous to all partners of or investors in such Partnership, or as required by the related Investment Fund or the Partnership's other co-investors. Furthermore, the requested exemption is sought to ensure that a Non-MS Investment Fund Partner will not directly or indirectly become subject to a burden, restriction, or other adverse effect by virtue of the related Partnership's participation in an investment opportunity. Without this exemption, a Non-MS Investment Fund Partner may be restricted in its ability to engage in transactions with the related Partnership's portfolio companies, which would not have been the case had such Partnership not invested in such portfolio companies.

6. The partners of or investors in each Partnership will have been fully informed of the possible extent of such Partnership's dealings with the related Investment Fund or another entity within the Morgan Stanley Group or with a Non-MS Investment Fund Partner and, as professionals employed in the securities business, will be able to understand and evaluate the attendant risks. Applicants assert that the community of interest among the partners of or other investors in each Partnership, on the one hand, and the related Investment Fund or another entity within the Morgan Stanley Group or the Non-MS Investment Fund