Australia Discovery
Guildford Coal; Next Generation of Australian Coal Miners

Coal Assets in Developing Coal Regions: Guildford Coal (GUF) is an Australian listed coal explorer with tenements in Queensland and Mongolia. GUF’s strategy is to fast track development of its South Gobi project in Mongolia with first production targeted by the end of 2012 (2-3Mtpa of thermal & metallurgical coal). According to management, cash flow from this project will help fund GUF’s Hughenden project in the Galilee coal basin in Queensland with first production aimed for end 2013 (3-4Mtpa of export thermal coal).

Large Resource Potential, but Project Risk High: GUF estimates that within its large Queensland tenement region it has ~220km of Galilee Basin edge. Other major coal projects in the region have in total ~250km of Galilee Basin edge from which they have defined a cumulative JORC Inferred resource of 22Bt. However as GUF’s priority projects are still early-stage, inherent project risk remains. Near-term milestones, that should provide increased confidence, include the release of JORC compliant resource statements for both projects, and obtaining a mining license for the South Gobi project. Management expects both of these targets to be achieved by the end of 2011.

Corporate Interest in Galilee Basin High: The need to secure long-term coal energy supplies has increased corporate activity in the Galilee Basin, considered to be Australia’s new coal frontier. Indian investor interest for more advanced coal projects in the region has been high.

Infrastructure Advantage: Unlike other Galilee coal projects, GUF’s Hughenden project has potential access to existing rail and port infrastructure at Townsville. The ability to sell coal at the mine gate in Mongolia reduces the infrastructure requirement for GUF.

Morgan Stanley Bullish on Coal: Our commodities team remains bullish on the outlook for coal markets, forecasting a supply side deficit in both metallurgical and thermal coal seaborne markets to at least 2016e.
Next Generation of Australian Coal Miners

Company Overview
Guildford Coal is an ASX listed coal explorer (ticker code: GUF) with tenement areas in Queensland and more recently Mongolia. In March 2011, GUF acquired a 20% interest in Terra Energy LLC (TE) with the option to increase its shareholding to 70% for $10m. GUF recently announced their intention to exercise this option following positive exploration results in Mongolia. TE currently holds a 100% interest in 6 exploration licenses that are prospective for thermal and coking coal in the South Gobi and Middle Gobi regions of Mongolia. In addition, TE has entered into a heads of agreement to acquire further mining licenses and exploration permits across four projects in Mongolia for a total of $40m plus an ongoing royalty fee. If successful, TE will have one of the largest portfolios of coal projects in Mongolia.

GUF’s strategy is to obtain a mining license for the South Gobi project by the end of 2011 with first production to be achieved by the end of 2012. The quick path to production in Mongolia is expected to provide cash flow that will be used to assist development of the company’s Hughenden Project in Queensland. At the end of March 2011 GUF had a net cash balance of A$47m. Key points for the two projects are:

South Gobi Project, Mongolia
• Located 60km from Chinese border and adjacent to two operating coal mines;
• Exploration target range 0-460Mt (100% basis);
• Targeted production rate of 2-3Mtpa with a mix of thermal and metallurgical coal products;
• GUF to use adjacent mines as a “template” for South Gobi development. Adjacent mines currently producing in excess of 5Mtpa of thermal and coking coal products;
• The coal is currently sold ROM (unwashed) at mine gate to Chinese traders who transport the coal by truck to a Chinese border coal stockpile at Ceke where it is transferred by rail to Chinese power stations and steel mills;
• The South Gobi region and geology allows for low cost production, with average ROM cash costs estimated by management at below US$20/t. GUF estimates selling prices for ROM coal are ~US$50/t;
• GUF has an option agreement with Och-Ziff Capital Management Group LLC for it to acquire 25% of the Mongolian assets for $25m. Assuming this option is exercised, GUF expects the project to be fully funded to first production. If exercised GUF would own 52.5% of TE

Hughenden Project, Queensland
• Located in the northern end of the coal bearing Galilee Basin in Queensland, Australia;
• A detailed schedule has been developed for Stage 1 of the Project with an aim to deliver coal by the end of 2013 based upon successful exploration and feasibility studies;
• A preliminary design has been developed for a 3-4Mtpa low waste to ore stripping ratio open cut coal mine. This is an early stage concept with feasibility studies to be completed and necessary permits to be obtained;
• Longer term, GUF is targeting significantly increased production rates of export thermal coal tonnages with open cut and underground mining potential from the Hughenden Project;
• Located in close proximity to rail infrastructure with the Mt Isa to Townsville rail line crossing the project;
• GUF and the Port of Townsville Limited (POTL) have started a feasibility study to evaluate the logistics of exporting coal through the Townsville Port;
• Exploration target range 40-815Mt (100% basis)

Strong Share Price Performance
GUF first listed on the ASX in July 2010. Since then its share price has risen from a listing price of A$0.20/sh to a peak of over A$1.30/sh in May this year.

Exhibit 1
Guildford Coal Has Increased Almost 6x Since its IPO on The Australian Stock Exchange in 2010

Source: Datastream.
Key Strengths

- **Security of Energy Supply Increases Corporate Activity in Galilee Region:** A race to secure long-term coal supplies from offshore interests has initiated significant interest in the Galilee Basin of Queensland. As Australia’s last coal frontier, offshore investors have looked to invest in the early stage coal projects of the Galilee Basin. In 2010, the Indian based Adani Group acquired Linc Energy’s Galilee coal tenement for US$2.7bn. The JORC compliant resource for the project was 7.8bnt of coal, implying an acquisition price of US$0.35/t of resource. More recently, it is reported that Indian investor GVK Power is set to purchase two of Hancock Prospecting’s thermal coal mines in the Galilee Basin for ~US$2.4bn (“Hancock Closes in on US$2.4bn GVK Deal”, The Australian, June 16, 2011). The recoverable resource base for the two mines is ~7.9bt, implying an acquisition price of US$0.3/t of resource. In addition, Bandanna is currently reviewing a short list of indicative bids for third party participation in its projects that include its South Galilee Project. We note that none of these projects have existing rail infrastructure to transport the coal ~450km to port.

- **Potential for Large Resource Base in Galilee Basin, Queensland:** GUF’s Hughenden tenement region is ~16,500km² in size. GUF’s exploration target of 40-815Mt of coal resource is based on only ~5% of the total exploration acreage in the region.

  In addition, GUF estimates that within its tenement holding it has ~220km of projected Galilee Basin edge. Other major Galilee Basin projects that are shown in exhibit 2 have in total ~250km of Galilee Basin in edge and have reported a cumulative JORC Inferred resource of 22Bt. GUF plans to release a JORC compliant initial resource mid 2011.

- **Infrastructure Advantage:** In Queensland, unlike the other Galilee coal projects shown in exhibit 2, GUF has existing infrastructure that it is able to utilize to deliver coal product to port. GUF’s intention is to use the Mt Isa to Townsville rail line, which runs through the southern edge of the project, to access the Townsville port facility. A tripartite working party consistent of GUF, Australian Railroad Group and POTL has been established to investigate this option in line with the terms of the respective MOU’s between the parties. Spare capacity on the rail line is ~1Mtpa, however significant upgrades are expected over the next three years. Current capacity at the Townsville port facility is 10Mtpa, however plans to expand capacity by 20Mtpa over the next 20 years are being investigated.

  The intention is to sell coal from GUF’s Mongolian projects at the mine gate, therefore minimizing the infrastructure requirement.

- **Ongoing Support of Key Shareholders:** GUF has a management agreement with 48.36% shareholder, TheChairman Pty Ltd (C1), under which C1 acts as exclusive manager to GUF. C1 is obliged to provide all infrastructure and support for the management of GUF’s operations as well as identify and pursue additional growth opportunities.

  GUF has entered into a call option with its second largest shareholder Och-Ziff (12.6%) with respect to TE. Och-ziff has the option to acquire a 25% stake in TE for A$25m if GUF first exercises its right to move to 70%. GUF have announced their intention to exercise their option, however Och Ziff are yet to signal whether they will exercise theirs. Should Och Ziff exercise their option, GUF would own 52.5% of TE and Och-Ziff 25%. In addition, it is expected that TE would be able to fully fund the development of the Mongolian project to first production.
• **Morgan Stanley Bullish View for Coal:** Our commodities team believes metallurgical and thermal coal seaborne markets are likely to remain in deficit until at least 2016. In our view, infrastructure constraints, increasing capital intensity, and increasing technical complexity of new coal projects are likely to extend the current coal market tightness.

### Exhibit 3

**Morgan Stanley Coal Price Forecasts**

<table>
<thead>
<tr>
<th>Period</th>
<th>Coking Coal Contract</th>
<th>Thermal Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bull Base Bear</td>
<td>Bull Base Bear</td>
</tr>
<tr>
<td>US$/t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011e</td>
<td>352 293 249</td>
<td>156 130 104</td>
</tr>
<tr>
<td>2012e</td>
<td>316 275 234</td>
<td>144 125 106</td>
</tr>
<tr>
<td>2013e</td>
<td>286 260 221</td>
<td>143 130 111</td>
</tr>
<tr>
<td>2014e</td>
<td>247 235 200</td>
<td>126 120 102</td>
</tr>
<tr>
<td>2015e</td>
<td>226 215 183</td>
<td>105 100 85</td>
</tr>
<tr>
<td>2016e</td>
<td>221 210 179</td>
<td>100 95 81</td>
</tr>
<tr>
<td>LT (nominal)</td>
<td>148 141 120</td>
<td>98 93 79</td>
</tr>
</tbody>
</table>

Source: Morgan Stanley Research estimates

### Key Weaknesses

- **Early Stage Project, Potential Project delays:** We note that other Galilee projects in Queensland are further advanced than GUF with resource statements completed, necessary permits obtained and feasibility studies completed. We note there is considerable risk in GUF’s conceptual mine plans and timing estimates for its Galilee projects. Offsetting this risk is the reduced project scope for GUF given that it potentially has access to already existing infrastructure. This should reduce capital expenditure to first production and potential for timing slippage. We also note that GUF has indicated that it intends to release initial JORC compliant resource estimates for Hughenden shortly. Typically, once a resource statement is provided, investors are able to make meaningful comparisons and formulate project sizing.

- **Potential Cash Call:** At the end of March 2011, GUF had a net cash balance of $46m. GUF has announced its intention to exercise its 50% option in TE for $10m. TE has also recently signed a heads of agreement to make another acquisition in Mongolia for $40m plus an ongoing royalty payment. GUF is seeking to obtain mining leases to develop and produce coal from its South Gobi project by the end of 2012. Och-Ziff is yet to indicate whether it will exercise its option to increase its stake in TE by 25% for $25m.

- **Tightly Owned Shareholder Structure Limiting Liquidity:** Guildford Coal has ~413m shares outstanding on the Australian Stock Exchange, of which ~47% are free-floating. The remaining ~53% are insider ownership. The top 10 shareholders hold ~65% of GUF’s total shares outstanding.

### Exhibit 4

**Guildford Coal Top 10 Shareholders (23 June 2011)**

<table>
<thead>
<tr>
<th>Holder Name</th>
<th>Position (no. shares)</th>
<th>% Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Chairman Pty Ltd</td>
<td>200,000,000</td>
<td>48.36</td>
</tr>
<tr>
<td>OZ Management LLC</td>
<td>52,083,334</td>
<td>12.60</td>
</tr>
<tr>
<td>Pratt Family</td>
<td>6,250,000</td>
<td>1.51</td>
</tr>
<tr>
<td>Hudson Conway Inv Pty Ltd.</td>
<td>3,750,000</td>
<td>0.91</td>
</tr>
<tr>
<td>Bounty Oil &amp; Gas NL</td>
<td>2,500,000</td>
<td>0.61</td>
</tr>
<tr>
<td>Rosetree Nursery &amp; Inv Co. LLC</td>
<td>2,000,000</td>
<td>0.48</td>
</tr>
<tr>
<td>JM Asset Management</td>
<td>1,500,000</td>
<td>0.36</td>
</tr>
<tr>
<td>Munkies, Andrea Deborah</td>
<td>1,500,000</td>
<td>0.36</td>
</tr>
<tr>
<td>JF Asset Management Ltd.</td>
<td>1,472,000</td>
<td>0.36</td>
</tr>
<tr>
<td>Leon Fink Holdings Pty Ltd.</td>
<td>1,250,000</td>
<td>0.30</td>
</tr>
</tbody>
</table>

Source: FactSet
Mongolian Acquisition

Mongolia – Acquisition Details
On 31 March 2011, Guildford Coal announced that they had reached a binding agreement to acquire a 20% stake in Terra Energy. The terms of the acquisition also included the option to increase their stake to 70% within 6 months from the commencement of drilling. GUF have now elected to exercise this option following positive exploration results at the South Gobi coking and thermal coal project as well as the Middle Gobi thermal project. GUF paid $7m upfront ($6m cash and $1m scrip) for the 20% stake with the call option costing a further $10m.

Mongolia Acquisition – Call Option Deed with Och Ziff
On 5th April 2011, Guildford Coal announced the signing of a call option deed with Och Ziff Capital Management Group with respect to the Terra Energy acquisition. It provides Och Ziff the right to acquire a 25% stake in Terra Energy for A$25m in cash, however is only exercisable in the event that GUF exercises their option to raise their stake to 70%. If both options are exercised, GUF will end up with a 52.5% stake in Terra Energy. With over 50%, Guildford Coal would still control Terra Energy, and would provide three out of the four Board members. Although GUF have now elected to exercise their option, Och Ziff is yet to announce their intentions.

Mongolian Assets Description

South Gobi Project, (20% with option for 70%)
South Gobi in southern Mongolia is the key focus of the two Mongolian projects, with first production expected in late CY2012. The South Gobi Project consists of four exploration licenses and is located ~60km from the Chinese border. The South Gobi tenements include both thermal and hard coking coal deposits.

The geology within the South Gobi area allows for low production costs with GUF management expecting ROM cash costs below US$20/t. The company estimates selling prices for comparable coal product (unwashed) at ~US$50/t, providing an expected margin in the range of US$30/t.

Middle Gobi, Mongolia (20% with option for 70%)
The Middle Gobi Project includes two exploration licenses – the Tsagaan Ovoo deposit and the Tsakhiurt Gobi deposit. Middle Gobi is located further from the Chinese border than the South Gobi Project, within the Dundgovi Province. The two Middle Gobi tenements have a total area of ~36,000 hectares and are located in the coal bearing Ongi Gol Basin. There is potential for thick seam thermal coal deposits suitable for open cut mining with potential customers including Mongolian and Chinese electricity generators.

The proximity of the project to the Mongolian railway grid (200km to the east) presents a potential logistic route to China via the Erlianhaote border crossing. Alternatively, the project is 200km north of the Tavan Tolgoi Project, which could present an alternative logistic path to the Chinese border.

The company has estimated an exploration target for the Middle Gobi Project at 29-149Mt, bringing the total exploration target for the combines Mongolian Projects to 29-609Mt.

TE Mongolian Acquisition
On 8 July 2011, TE announced their intention to acquire 100% of a Mongolian based coal explorer via a heads of agreement. The terms of the deal include a consideration price of US$25m for 3 projects plus US$15m to acquire a fourth mining license. In addition, TE would be required to pay US$1/t coal sold from the three projects as an ongoing royalty.
TE Mongolian Acquisition – Javkhlant Project
The Javkhlant Project is the most advanced of the 3 acquired projects, containing 3 mining licenses and 2 exploration licenses. It has previously been extensively explored with 57 diamond drill holes in the area and a reported (non-JORC compliant) resource base of 168.4Mt thermal coal. Mining licenses have been granted for the project and a feasibility study completed. This study included mine design and financial modeling for the project. It is well located, ~15km from the Transiberian rail line and 150km from the Russian border.

TE Mongolian Acquisition – Khuut Project
The Khuut Project is a thermal coal project located in the Middle Gobi region and also has the potential to provide oil shale prospects. The project contains one exploration license.

TE Mongolian Acquisition – Mandal Ovoo Project
The Mandal Ovoo Project is located in the South Gobi region and contains thermal coal prospects across one exploration license. TE also inherits the Delin Shand Project license, located adjacent to the South Gobi Project, as part of the acquisition. This license provides an exploration target of 0-420Mt coking/thermal coal.

Current Status – Mongolian Projects
Drilling has commenced at both the South Gobi and Middle Gobi projects. Two drill rigs are operating at the South Gobi Project with the first hole already complete. Results from this hole show an intersection of ~8m net of coal in three coal seams with the deepest seam estimated at 87m. A mining license application is being prepared for the South Gobi license currently being drilled and is expected to be lodged in the September 2011 quarter.

In addition, Stage 2 drilling has commenced at the South Gobi Project in order to define a coal resource according to the JORC standards. The most recent intersection includes 21m apparent thickness of net coal at potentially open cut mineable depths. Included in this was a seam of 13.7m apparent thickness in an area known for its coking properties.

There is one drill rig operating at the Middle Gobi Project but the company is yet to release results.

Queensland Asset Description
Hughenden Project, Queensland (80%)
The Hughenden Project is located in the northern end of the Galilee Basin and is the company's largest Australian project by area. It includes ~16,500 sq kms of exploration tenements. Permits for 11,500 sq kms have been granted with the remaining area awaiting approvals. GUF expects product from the Hughenden Project deposits to mainly service the export thermal coal markets utilising both underground and open cut mining methods. The Mt Isa rail line runs through the Hughenden Project area providing access to infrastructure once the deposits come into operation. The company is yet to publish a reserves and resources statement for the area, but expect to report an initial resource during 2H-FY11.

Hughenden White Mountain Project, Queensland (51%)
On 12 May 2011, GUF acquired 51% of the White Mountain Project (EPC1260), which is located within the Hughenden exploration area. The acquisition was made via a heads of agreement with Tiaro Coal Ltd. GUF paid $3.3m for their stake in the project with a further commitment to spend $5m on
exploration and development for the project. The White Mountain Project area covers ~400 sq kms and is the most likely of the Hughenden assets to commence production first. An independent Geological Consultant has estimated an exploration target within the EPC1260 area at 0-745Mt. The adjacent EPC1250 tenement (100% owned by GUF) will combine with the EPC1260 tenement to make up the White Mountain Project. The exploration target for EPC1250 is 40-70Mt, resulting in a combined exploration target for the White Mountain Project of 40-815Mt. The White Mountain Project is located 15km from the Mt Isa to Townsville rail line.

Current Status – Hughenden Project
There are currently four drill rigs commissioned across the Hughenden tenements. Two rigs have been conducting drilling with the initial aim of confirming a maiden underground JORC resource and then to identify shallower open cut targets to the north of the Galilee Basin edge. The third drill rig is focused on the thicker intersections in the Eromanga Basin Blantyre coal sequence. Initial results indicate a coal product that could be used as a blend for PCI coal. The fourth drill rig is located in the White Mountain area to confirm an initial resource for that project. Provided exploration activities and feasibility studies are successful, the company is expecting first coal to be delivered from Hughenden by the end of CY2013e.

The most recent intersections show 11.9m of net coal from the Betts Creek Beds with multiple individual seams up to 5.5m in thickness.

Sierra Project, Queensland (100%)
The Sierra Project is located in Queensland’s Bowen Basin and is expected to be an open cut, hard coking coal producing asset. The project is located close to rail with the Blackwater rail system cutting across the northern edge of the tenement to the Gladstone port. The company will commence drilling in the area once the necessary approvals have been granted. This is expected to occur in the later part of 2011. Comparable drilling results in the area by Newlands Resources have confirmed intersections of up to 14m, indicating the potential for similar results at Guildford Coal’s Sierra Project. Newlands Resources have reported an exploration target of 200-250Mt for their tenements in the area.
Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 1902062982Z, 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 Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, 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 equity 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: 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: Cameron Judd.

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/conflictpolicies.

Important US Regulatory Disclosures on Subject Companies

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Guildford Coal Ltd. Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Guildford Coal Ltd. The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research 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. Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity 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. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

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 June 30, 2011)

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.

<table>
<thead>
<tr>
<th>Stock Rating Category</th>
<th>Coverage Universe</th>
<th>Investment Banking Clients (IBC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count % of Total</td>
<td>Count % of % of Rating Category</td>
</tr>
<tr>
<td>Overweight/Buy</td>
<td>1138 41%</td>
<td>470 49% 41%</td>
</tr>
<tr>
<td>Equal-weight/Hold</td>
<td>1143 41%</td>
<td>365 38% 32%</td>
</tr>
<tr>
<td>Not-Rated/Hold</td>
<td>117 4%</td>
<td>19 2% 16%</td>
</tr>
<tr>
<td>Underweight/Sell</td>
<td>389 14%</td>
<td>96 10% 25%</td>
</tr>
<tr>
<td>Total</td>
<td>2,787</td>
<td>950</td>
</tr>
</tbody>
</table>

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 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 (NR) - 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.
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. For Australian Property stocks, each stock's total return is benchmarked against the average total return of the analyst's industry (or industry team's) coverage universe, instead of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

July 12, 2011
Australia Discovery