

OFFICE OF THRIFT SUPERVISION

Approval of Application to Acquire and Retain An Interest in a Savings and Loan Holding Company

Order No.: 2008-17
Date: May 30, 2008
OTS No.: H-2642, 13521,
H-2192, 6679

Morgan Stanley, New York, New York (Applicant) has applied, pursuant to 12 U.S.C. § 1467a(e)(1)(A)(iii) and 12 C.F.R. § 584.4, for approval of the Office of Thrift Supervision (OTS) for the Applicant and its subsidiaries to acquire and retain up to an aggregate of 9.9 percent of United Western Bancorp, Inc.'s (Holding Company) outstanding common stock (the Application). The Applicant is a savings and loan holding company by virtue of its ownership of a federally chartered savings bank, Morgan Stanley Trust, Jersey City, New Jersey (Trust Bank). The Holding Company wholly owns United Western Bank, Denver, Colorado (Savings Bank).

As more fully described in the Application, the Applicant holds 6.87 percent of the Holding Company's common stock indirectly, through two subsidiaries, FrontPoint Partners LLC (FPP), an investment management company that provides investment management services to FPP-sponsored pooled investment vehicles and institutional portfolios, and Morgan Stanley & Co. Incorporated, a broker-dealer. The Applicant has applied for OTS approval for it and its subsidiaries to retain their current holdings of the Holding Company's common stock, and to increase such interests up to an aggregate of 9.9 percent.

Discussion

The acquisition and retention of up to 9.9 percent of the Holding Company's outstanding common stock by the Applicant and its subsidiaries requires OTS approval pursuant to section 10(e)(1)(A)(iii) of the Home Owners' Loan Act (HOLA), and 12 C.F.R. § 584.4. In considering applications under section 584.4, OTS considers the managerial and financial resources and future prospects of the acquiring savings and loan holding company and any subsidiary savings association, and those of the savings association whose stock is to be acquired, as well as the risks to the Deposit Insurance Fund (DIF), and the convenience and needs of the community. OTS also must consider the impact of the acquisition on competition. In addition, OTS must consider the Community Reinvestment Act (CRA) performance of the Savings Bank.

As for managerial resources, OTS is familiar with the managerial resources of the Applicant and the Trust Bank, and has no reason to believe that the Applicant does not have adequate managerial resources. The board of directors and the executive officers of the Applicant and the Trust Bank will not change as a result of the proposed acquisitions.

In addition, OTS is familiar with the managerial resources of the Holding Company and the Savings Bank, and has no reason to believe these entities do not have adequate managerial resources. The management of the Holding Company and the Savings Bank will not change as a result of the proposed transaction.

Based on its experience with the managerial resources of the Applicant, the Holding Company, the Savings Bank, and the Trust Bank, OTS concludes that the Applicant's, the Holding Company's, the Savings Bank's, and the Trust Bank's managerial resources are consistent with approval.

With respect to financial resources, at its most recent fiscal year end, November 30, 2007, the Applicant reported consolidated assets of \$1,045.4 billion and total equity of \$191.1 billion. The Trust Bank is considered "well-capitalized" pursuant to the OTS Prompt Corrective Action regulation with core, tangible and risk-based capital of 6.00, 6.00, and 29.08 percent, respectively, at December 31, 2007. Under the circumstances described in the Application, the Applicant's and its subsidiaries' investment in the Holding Company is unlikely to have any effect on the financial resources and future prospects of the Holding Company or the Savings Bank. OTS has reviewed the financial resources of the Applicant, the Holding Company, the Savings Bank, and the Trust Bank, and has concluded that the Applicant's, the Holding Company's, the Savings Bank's, and the Trust Bank's financial resources are consistent with approval.

Based on its conclusions with respect to managerial and financial resources, OTS concludes that future prospects considerations and the risks to the DIF are consistent with approval.

As for the competitive impact of the transaction, the Savings Bank operates from its main office and four branch offices in the Denver, Colorado, area and an additional branch in Fort Collins, Colorado. The Trust Bank operates from its sole office in Jersey City, New Jersey. The two savings banks engage in distinctly different areas of business, operate in different geographic locations, and do not compete for business. Accordingly, the proposed transaction will not have any material anti-competitive effect, and OTS concludes that the transaction is not objectionable on competitive grounds under section 10(e)(2)(A) or (B) of the HOLA.

As for convenience and needs, the Savings Bank will maintain its operations. The Trust Bank will maintain its present operations. In addition, the Applicant's and its subsidiaries' proposed retention of the Holding Company's shares will not affect the operations of either the Trust Bank or the Savings Bank, and OTS is aware of no information indicating that either institution is deficient in meeting the convenience and needs of its communities. Accordingly, OTS concludes that approval of the transaction is not objectionable based on convenience and needs.

As for CRA, the Savings Bank's most recent CRA rating is "Satisfactory." No comments objecting to the Application have been filed. Because of its limited operations, Trust Bank is not

subject to the CRA. Accordingly, OTS concludes that approval of the transaction is consistent with the CRA.

Conclusion

Based on the foregoing analysis, the Application is hereby approved, pursuant to delegated authority.

By order of the Director of the Office of Thrift Supervision, or his designee, effective

MAY 30, 2008



Lori J. Quigley
Managing Director
Examinations and Supervision-Operations