Report of Organizational Actions
Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name	2 Issuer's employer identification number (EIN)
Morgan Stanley International Value Equity Fund - Class I	13-4154994

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Rob Creaney	312-706-4706	msiptax.req@morganstanley.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and Zip code of contact
c/o Morgan Stanley tax, 400 S. LaSalle Street, 39th Floor	Chicago, IL 60605

8 Date of action	9 Classification and description
10/26/2012	Regulated Investment Company Class I outstanding common shares

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
616985404		IVQDX	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On October 26, 2012, Morgan Stanley International Value Equity Fund ("Target") merged into Morgan Stanley Institutional Fund, Inc. International Equity Portfolio ("Survivor") in a tax-free reorganization. Pursuant to the terms of the merger, common shares of Target were exchanged for common shares of Survivor.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶
The Target shareholders' total basis in the Survivor shares received is the same as their total basis in the old Target shares.
For each Class I share of Target held (IVQDX), shareholders received 0.607324 Class I shares of Survivor (MSIQX).
Alternatively, each Survivor share received in the reorganization will have a basis equal to 164.656827% of the Target shares surrendered.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The per share basis calculations are based on the respective net asset values ("NAVs") of the Target and Survivor shares as of the close of business on the merger date of 10/26/2012. These NAVs are determined based on the market value of the underlying securities held by the funds.
The NAV of Target's Class I shares was $8.44 per share and the NAV of Survivor's Class I shares was $13.90 per share on 10/26/2012.

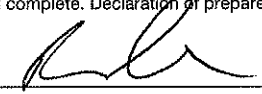**Part II**   **Organizational Action** (continued)

17   List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

The transaction described herein is a tax-free reorganization under IRC Sections 354(a)(1) and 368(a)(1).

The aggregate basis of the Survivor shares received equals the aggregate basis in the Target shares exchanged under

IRC Section 358(a)(1).

18   Can any resulting loss be recognized? ▶ **No.**

19   Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶   Date ▶ 11/9/12

Print your name ▶ **Rob Creaney**   Title ▶ **Assistant Treasurer**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054