



Morgan Stanley

MORGAN STANLEY IQ

THE MORGAN STANLEY FTSE™
PROTECTED GROWTH PLAN 29

INTELLIGENT INVESTING

The FTSE™ Protected Growth Plan 29 is provided by Morgan Stanley & Co. International plc, which is authorised and regulated by the Financial Services Authority.

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. Through our structured investments platform, we leverage Morgan Stanley's world-renowned institutional expertise to bring you competitive, innovative and well-thought out investment opportunities.

For more information, please visit our website www.MorganStanleyIQ.co.uk



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Introduction to the Morgan Stanley FTSE™ Protected Growth Plan 29

The FTSE™ Protected Growth Plan is our longest running investment plan. It is designed to give you the benefits of investing in the UK stock market, while protecting your initial investment.

The plan offers the opportunity for investment growth via exposure to the FTSE™ 100 Index. In certain circumstances, you can exit the plan early and realise an attractive fixed return.

PLAN SUMMARY

- ▶ **"Early Exit" feature:** if, after three years, the FTSE™ 100 Index has risen by 10% or more, you realise a fixed return of 20%.
- ▶ **Attractive growth potential:** if the Early Exit feature is not triggered, you receive 120% of any growth in the FTSE™ 100 Index over the six year investment term.
- ▶ **Protection from a falling market:** if the FTSE™ 100 Index is unchanged or falls over the investment term, you will not receive any investment growth but your initial investment is protected.
- ▶ **Capital protection provided by securities issued by Morgan Stanley:** the plan is designed to return at least 100% of your initial investment at maturity. However, in the event of Morgan Stanley going into liquidation or failing to comply with the terms of the securities, you may lose all or part of your initial investment. Morgan Stanley has a credit rating of A by Standard & Poor's at the time of publication.

WHAT IS THE FTSE™ 100 INDEX?

The FTSE™ 100 Index was created by the Financial Times and the London Stock Exchange in January 1984 and is a widely used benchmark for the UK stock market. The Index measures the capital growth of the shares of the 100 largest UK companies. It does not include any returns from dividend income.

Is the FTSE™ Protected Growth Plan 29 right for me?

It is important that you understand the features of any investment product before you decide whether to invest in it. The considerations set out below might help you to decide whether this plan meets your investment needs. Please note that Morgan Stanley does not provide investment advice. If you are in any doubt as to whether the plan is suitable for you, you should consult your financial adviser.

If the following statements apply to you then an investment in the plan may be appropriate:

- ▶ I wish to benefit from growth in the UK stock market, specifically the FTSE™ 100 Index.
- ▶ I wish to protect my initial investment if the UK stock market falls.
- ▶ I understand that the repayment of my initial investment when the plan matures depends on Morgan Stanley being able to meet its financial obligations and I am comfortable with this risk.
- ▶ I am willing to invest my capital for the full six year term in order to achieve the returns described in the brochure (although in some circumstances I may exit the plan after only three years).
- ▶ I wish to invest in a tax efficient plan that is eligible under UK ISA rules. Alternatively, I want to invest in a plan that is taxed as capital gains rather than income, to use my Capital Gains Tax annual exemption.

If the following statements apply to you then an investment in this plan may not be appropriate:

- ▶ I may need access to my capital before the end of the investment term and do not want to take the risk that the amount I receive from selling my investment in the plan is less than my initial investment.
- ▶ I am looking for a regular income on my investment.
- ▶ I do not want to take the risk that I earn no return on my investment.

How is my return calculated?

TWO ROUTES TO INVESTMENT RETURNS

There are two ways that you can achieve a positive return from an investment in the FTSE™ Protected Growth Plan 29:

- ▶ A fixed return of 20% of your initial investment. This is available after three years if the early exit feature has been triggered.
- ▶ A variable return of 120% of any growth in the FTSE™ 100 Index over the life of the plan. This is available at the end of six years.

"EARLY EXIT": OPPORTUNITY FOR A FIXED RETURN AFTER 3 YEARS

Three years into the investment term, we compare the level of the FTSE™ 100 Index with its level on the Plan Start Date:

- ▶ If the Index has gained 10% or more since the Plan Start Date, the "Early Exit" feature is triggered. You can elect to exit the plan early and receive a repayment of 120% of your initial investment.
- ▶ If the Index has risen by less than 10% or has fallen since the Plan Start Date then the plan continues to the end of the six year investment term and you will receive the variable return.

What if the Early Exit feature is triggered but I do not wish to leave the plan at that time?

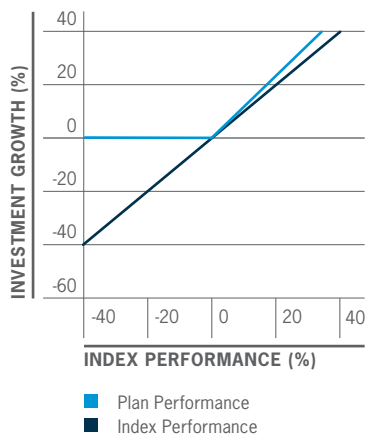
If the Early Exit feature is triggered you can elect to continue with the plan for the full six year investment term. However, at maturity you will still receive the fixed return of 20%. This means that if you elect to remain in the plan until maturity you will not benefit from any growth in the FTSE™ 100 index above the level of the fixed return.

POTENTIAL FOR INVESTMENT GROWTH AT THE END OF THE SIX YEAR TERM

If the 'Early Exit' feature is not triggered in the third year, your investment continues to the end of the six year term and your return depends directly on the performance of the Index.

To calculate the performance of the Index, we compare the level of the FTSE™ 100 Index on the Plan Start Date (the "Initial Index Level") with its level at the end of the investment term (the "Final Index Level"). It is important to note that this Final Index Level is based not on a single reading of the Index at maturity, but rather on the average level of the Index during the final year of the investment term, measured at monthly intervals.

Illustrative Plan Returns at Maturity vs. Index Performance



The return you receive at maturity is calculated as follows:

- ▶ If the FTSE™ 100 Index has risen over the investment term (i.e., the Final Index Level is higher than the Initial Index Level), you receive 120% of the percentage increase.
- ▶ If the FTSE™ 100 Index is unchanged or has fallen over the investment term (i.e., the Final Index Level is lower than or equal to the Initial Index Level), your investment growth is zero and you are repaid your initial investment only.

The table shows the investment growth and total repayment from the plan in a range of scenarios for the FTSE™ 100 Index. Examples are based on an initial investment of £10,000, and assume that the Early Exit feature is not triggered.

Index Performance (% change between Initial Index Level and Final Index Level)	Investment Growth (120% of any positive index performance)	Total Repayment (Initial investment plus the Investment Growth)
-40%	£0	£10,000
-20%	£0	£10,000
0%	£0	£10,000
20%	£2,400	£12,400
40%	£4,800	£14,800
60%	£7,200	£17,200

How does averaging of the FTSE™ 100 performance affect my return?

We calculate the Final Index Level using an average reading over the final year of the investment term, rather than a single date. This averaging may cushion your return from sudden falls in the FTSE™ 100 Index at the end of the investment term. However, if the index rises during the final year, you may not benefit fully from this performance. As a result, using an average may sometimes result in a lower return than if a single reading was taken at the end of the investment term.

Additional risk factors

This section describes some of the risks not explained elsewhere in the brochure. Before considering an investment in the FTSE™ Protected Growth Plan 29, you should read this section and the rest of the brochure carefully to ensure that you fully understand the risks associated with any investment in the plan.

- ▶ Plan returns are based on the performance of the FTSE™ 100 Index. The past performance of the Index is not necessarily a guide to its performance in the future and there is no certainty that the future performance of the Index will be positive.
- ▶ Plan returns do not include any returns from dividend income or participation in corporate actions, as would be the case if you invested directly in the shares underlying the FTSE™ 100 Index. Accordingly, the return on the plan may, in some cases, be less than the return from a direct investment in these shares.
- ▶ There may occasionally be circumstances that interfere with the calculation of the FTSE™ 100 Index. For example, the calculation of the index may be delayed or prevented if some of the shares that comprise the index are suspended from trading on the London Stock Exchange. In such cases, the return on the plan may need to be adjusted and may be more or less than might otherwise have been the case.
- ▶ It is usually possible to sell your plan prior to maturity. However, the proceeds you receive will depend on many market factors, including, but not limited to, the index level, interest rates and the credit rating of the issuer. Consequently, investors selling prior to maturity may receive less than their initial investment.
- ▶ The Plan is not the same as a bank or building society account where capital is guaranteed and readily available without penalty. There is a risk that the issuers of the securities behind the plan may not be able to meet their obligation to pay the advertised returns or to repay investment capital both during and at the end of the investment term.

How to invest

There are a number of different ways to subscribe to the plan:

- ▶ Direct Investment.
- ▶ 2009/10 ISA Investment.
- ▶ Transfer of existing ISA Investment (see below).
- ▶ Self Invested Pension Plans (SIPPs), Small Self Administered Schemes (SSASs) and discretionary investments from charities, companies and trustees.

Subscription is only available by way of lump sum investment. The minimum subscription is £3,000, regardless of which investment option you choose.

If you are investing via a 2009/10 ISA, there are certain restrictions:

- ▶ The maximum subscription amount is £7,200.
- ▶ You cannot subscribe to another Stocks & Shares ISA in the same year that you subscribe to this ISA.

Application forms for Direct Investments, ISA Investments and ISA Transfers are available at the back of this Brochure. Application forms for SIPP, SSAS or discretionary investments are available to download via www.MorganStanleyIQ.co.uk

The deadline for submitting applications for direct investments, ISA investments and discretionary investments is 11th June 2009. The deadline for ISA transfers is the earlier date of 4th June 2009 to allow sufficient time for funds to be received from the existing Plan Manager.

ISA TRANSFERS: WHAT ELSE DO I NEED TO CONSIDER?

Your existing ISA must be transferred in cash, which means that, if you hold a Stocks and Shares ISA, your existing Plan Manager will need to sell your investment holdings. They may charge you an exit or transfer fee. There is also the potential for a loss if markets rise while your transfer remains pending.

Frequently asked questions

Who is eligible to invest in the FTSE™ Protected Growth Plan 29?

The plan is open to UK residents (please see the application forms for conditions). You need to be 18 or over to qualify for an ISA investment. However, investments can be made on behalf of a person under the age of 18 through the Direct Investment option.

What are the charges/expenses I will incur?

There are no explicit initial or ongoing charges you will need to pay, except a one-off £100 plus VAT charge if you wish to transfer your plan to another Plan Manager. All other charges are taken into account in setting the terms offered, and the returns shown are net of all charges and expenses.

Is my adviser paid commission?

We usually pay commission to the independent financial advisers through whom applications are made, even if you are not receiving any advice. The amount of commission will depend on the amount you invest and will be detailed in your welcome letter. Commission is already accounted for in the terms offered and does not affect the return shown.

What is “credit risk”? What is the credit risk associated with this plan?

Although the plan is designed to return 100% of your initial investment, this depends on the ability of the Plan Provider (Morgan Stanley in this case) to meet its financial obligations. The risk that the Plan Provider cannot fulfil its obligations is credit risk.

Credit ratings can be a useful way to compare the credit risk associated with different Plan Providers and related investments. Credit ratings are assigned by independent companies known as ratings agencies and reviewed regularly. At the time of publication, Morgan Stanley has a credit rating of A by Standard & Poor's and A2 by Moody's Investor Services Limited. Credit Ratings for financial institutions can go up or down at any point in response to changes in the financial position of the institution in question.

Do I earn any interest on my subscription money before the Plan Start Date?

Any subscription money invested in the plan before the Plan Start Date will accrue pre-investment interest in a designated client bank account at a rate of 0.5% per annum. Interest will accrue from the date the cheque is cleared until the Plan Start Date. Your initial investment on the Plan Start Date will equal the sum of your subscription money plus any accrued pre-investment interest, rounded down to the nearest £1.00.

Can I change my mind once I have subscribed?

Yes. You have the right to cancel your plan within 14 days of the date the plan is opened or the date you receive your cancellation notice from us, whichever is later. You can exercise this right to cancel by writing to Morgan Stanley & Co. International plc, Fountain House, 2 Queens Walk, Reading, Berkshire, RG1 7QF.

Can I withdraw/transfer before the maturity date?

Partial withdrawals are not permitted. However you can withdraw / transfer your entire investment amount and close your plan early. In this case, repayment of your initial investment is not guaranteed and you may get back less than you invested. You may only terminate or transfer the plan by giving us written notice. Your investment will be sold at the next practicable dealing day following receipt of your request (usually the end of the month) and payment will be made within seven working days.

If you have invested via an ISA and subsequently decide to withdraw, it may not be possible to invest in another ISA of the same type for the same tax year if your cancellation period has expired. If you have invested via an ISA transfer, any favourable tax treatment associated with that ISA holding will be irrevocably lost unless you are able to find another plan manager to transfer your investment to.

Will you keep me updated during the investment term?

You will receive an initial statement detailing your investment shortly after the Plan Start Date and an annual statement and valuation thereafter. If the Early Exit event is triggered, we will contact you to discuss the options available to you.

How is my investment taxed?

How your investment is taxed depends on whether you invest via an ISA or directly into the plan:

Investing via an ISA: ISAs allow UK residents to invest up to £7,200 per year without incurring either Capital Gains or Income Tax.

Investing directly into the plan: all returns in excess of the initial investment (either on a sale of the plan or at maturity) are likely to be subject to Capital Gains Tax, allowing you to use your annual Capital Gains Tax exemption. Payments from the plan will be made gross of tax and it is your responsibility to declare this gain on your tax return.

Pre-investment interest: any interest paid on your subscription money prior to the Plan Start Date is currently subject to income tax at your marginal rate. If you invest via an ISA, this interest will be invested into your plan net of a 20% deduction paid to the Inland Revenue. If you invest via a Direct Investment, this interest will be received gross and you will have to declare this on your tax return.

The above information is based on current tax rates and ISA regulations and is subject to change. The level of taxation will depend on individual circumstances. You should contact your financial adviser if you require any advice on your tax position.

Continues overleaf...

What happens when the plan matures?

We will contact you around six weeks before the Plan Maturity Date outlining the options available to you. Please ensure you write to us if your address or bank details change.

What happens to my investment if I die?

Upon death, where your investment is held under an ISA, the ISA status of your investment will be lost. Your assets will be transferred to a Direct Investment, which forms part of your estate for Inheritance Tax purposes. Once suitable documentation is received, the investments will be transferred to your personal representatives within seven working days. Your account can then be terminated early in accordance with its terms or held to maturity, at the discretion of your personal representative.

Terms and conditions

KEY TERMS FOR THE FTSE™ PROTECTED GROWTH PLAN 29¹

Underlying Index: FTSE™ 100 Index
Underlying Region: UK
Underlying Asset Class: Equity
Participation Rate in Underlying Index: 120% (1.20 times any positive Index Performance from Initial Index Level to the Final Index Level).
Minimum Repayment at Maturity: 100% of the initial investment
Early Exit Trigger Level: 110% of the Initial Index Level
Early Exit Payout: 120% of the initial investment
Tax Treatment: Capital Gains Tax
Investment Term: 6 years
Plan Provider: Morgan Stanley & Co. International plc
Minimum Investment: £3,000
Investment Options: <ol style="list-style-type: none">1. Direct Investments, including through Self Invested Personal Pensions (SIPPs) and Small Self Administered Schemes (SSASs)2. Transfers of existing ISA investments3. New ISA investments for 2009/104. Discretionary Investments, including charities and corporate / commercial trustees
Subscription Period: 30th April 2009 to 11th June 2009, with an early cut off for ISA transfers of 4th June 2009
Plan Start Date: 19th June 2009
Early Exit Date: 19th June 2012
Maturity Date: 3rd July 2015
Initial Index Level: The official closing level of the index on 19th June 2009
Final Index Level: The average of the monthly official closing levels on the 19th of each month from June 2014 to June 2015 (13 averaging dates in total)
Pre-investment interest rate: 0.5% per annum

¹ In the event that any of the dates mentioned in the table above are not London Business Days, or days on which the relevant stock exchanges are not functioning normally, the relevant date will be moved to the first such day immediately following the date in question.

Morgan Stanley terms and conditions

The following Terms and Conditions are issued by Morgan Stanley & Co. International plc. The Terms and Conditions, of which the Application Form is a part (each as amended from time to time), will govern your investment with the Plan Provider. Please read these Terms and Conditions carefully. If there is anything that you do not understand, please speak to your financial adviser.

1. Definitions

1.1 In these terms the following words have the following meanings:

Applicable Regulations means all legislation (including FSMA), statutory instruments and the FSA Rules insofar as they relate to the performance of the various obligations under these Terms and Conditions.

Application Form means the form that must be completed to enable your Plan to be opened and which constitutes part of the Terms and Conditions.

Brochure means the Plan Information, the Terms and Conditions and the Application Form.

Cash ISA means a Cash Individual Savings Account.

Direct Investment means an investment in the Plan outside of a Stocks and Shares ISA.

Early Exit Feature means a mechanism by which, subject to certain conditions, your investment in the plan can be valued during the course of the Plan in order to release early gains. See the Plan Information for details.

FSA means the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

FSA Rules means principles, rules and guidance issued by the FSA from time to time.

FSMA means the Financial Services and Markets Act 2000.

Initial Investment means any subscription money invested by you in the Plan plus any accrued interest (less any applicable tax).

Keydata means Keydata Investment Product Nominees Limited of Fountain House, 2 Queens Walk, Reading, Berkshire RG1 7QF which is authorized and regulated by the FSA. Registered number 194148.

MSI plc means Morgan Stanley & Co. International plc.

Plan means a Stocks and Shares ISA or Direct Investment as held under these Terms & Conditions.

Plan Information means the section of the Brochure which is not the Terms and Conditions and the Application Form.

Plan Provider means Morgan Stanley & Co. International plc, 25 Cabot Square, London E14 4QA. Authorised and regulated by the FSA and entered on the FSA register with registration number 165935 or such other entity as MSI plc may appoint to manage the plan.

Plan Start Date means as specified in the "Key Terms" section of the Plan Information.

Regulations means the Individual Savings Account Regulations 1998 as amended from time to time.

Securities means the medium term notes or other securities with similar characteristics to be acquired or entered into by the Plan Provider in order to provide the Plan returns.

Stocks and Shares ISA means a Stocks and Shares Individual Savings Account.

We, us & our mean Plan Provider.

You and your mean an investor who applies to open an ISA or Direct

Investment or an investor who applies to transfer their Cash ISA or Stocks and Shares ISA subject to these Terms & Conditions.

2. Commencement

These Terms and Conditions will come into effect when we receive a copy of the Application Form signed by you.

3. Services to be provided

You appoint us to provide services as:

- (i) ISA Plan Provider in connection with Securities held within an ISA; and/or
- (ii) Plan Provider in connection with Direct Investments.

4. Investments

Under these Terms and Conditions, we provide services in relation to Securities only.

5. Your Plan

5.1 To open a Plan, you must submit to the Plan Provider a fully completed Application Form. In the case of a Stocks and Shares ISA investment for 2009/10 and/or a Direct Investment, you must also provide the initial subscription amount in cash such that it clears in our account before the Plan Start Date. In the case of a Cash ISA or Stocks and Shares ISA transfer, we will manage your Plan upon receipt of the proceeds of your previous Plan from your previous Plan Provider. The Application Form is part of these Terms and Conditions and if the terms differ, those contained in the Application Form will prevail.

5.2 Subject to the Regulations we may provisionally open a Stocks and Shares ISA Plan where the information which you have supplied is insufficient. In respect of a Stocks and Shares ISA, where we open a Plan on a provisional basis you must supply the missing information within 30 days of the application, otherwise the Plan must be voided in accordance with Inland Revenue requirements.

5.3 You may open more than one Plan, subject to completion of an Application Form for each Plan.

5.4 The Plan Provider reserves the right to reject an application for any reason.

5.5 As we have no discretion over the management of the Plan, you will have full responsibility for instructing us as to the amount of any investments or cash which shall constitute the Plan.

6. Client categorisation

6.1 We will categorise you as a retail client for the purposes of the FSA rules unless we specify otherwise in correspondence to you and you will benefit from the regulatory protections afforded by the Applicable Regulations.

7. Execution of orders

7.1 In performing our duties under these Terms and Conditions, we shall take all reasonable steps to obtain the best possible result for you in effecting all sales, purchases and other transactions in Securities. A summary of our order execution policy is provided with these Terms and Conditions and further details are available on request. Please note that the summary of our order execution policy is not intended to have any contractual effect.

7.2 By signing the Application Form and agreeing to our Terms and Conditions: you consent to our execution policy; and you consent to your orders being executed by us outside of a regulated market or multilateral trading facility.

7.3 If you give us a specific instruction in relation to the execution of an order or in relation to a specific aspect of the order, this may prevent us from taking the steps that we have designed and implemented in our execution policy to obtain the best possible result for the execution of that order or in respect of the elements covered by that instruction. We will follow your

instruction and this will discharge our execution obligations in relation to the order or the specific aspect of the order to which your instruction relates.

8. Instructions

8.1 Your instructions must be given to us in writing or confirmed in writing.

8.2 If we have any material difficulty in promptly carrying out your instructions relating to the purchase and sale of Securities, we shall inform you as soon as reasonably practicable upon becoming aware of such difficulty.

8.3 You hereby instruct us not to make public limit orders in respect of Securities admitted to trading on a regulated market which are not immediately executed under prevailing market conditions, where we consider it appropriate not to do so.

9. No Advice

We will buy or sell Securities on an execution-only basis without exercising any discretion or providing any investment advice to you. In the provision of this service we are not required to assess the suitability of buying and selling Securities and you will therefore not benefit from the protection of the FSA rules on assessing suitability.

10. Cancellation

10.1 You will have the right to cancel your Plan within 14 days of the date your Plan is opened or the date you receive from us a notice of your right to cancel, whichever is later. You can exercise this right to cancel by writing to Morgan Stanley & Co. International plc (Fountain House, 2 Queens Walk, Reading, Berkshire RG1 7QF). If you fail to exercise your right to cancel within those 14 days, you will not be able to do so thereafter and you will be bound by these Terms and Conditions.

10.2 If you exercise your right to cancel your Plan, you will not incur any additional charges provided that the cancellation is effective before the Plan Start Date. We will pay to you without delay, and no later than 30 days after the date on which we received notice of cancellation from you, any amounts which you have paid to us or for our benefit in connection with your Plan or the Securities (including amounts paid by you to our agents).

10.3 By exercising your right to cancel you will withdraw from these Terms and Conditions and your Plan will be terminated.

10.4 If you exercise your right to cancel, but we do not receive your notice to cancel until on or after the Plan Start Date when the investment in the Securities has been made, and the value of the Securities has fallen in that time, an amount equivalent to the fall in value of the Securities will be deducted from the amount of your subscription repaid to you.

10.5 If you exercise your right to cancel the purchase of the Plan following a Cash ISA or Stocks and Shares ISA transfer, unless you are able to find another Plan Provider to transfer your investment to the proceeds will be paid direct to you and you will irrevocably lose any favourable tax treatment associated with a Cash ISA or Stocks and Shares ISA holding.

10.6 The cancellation rights in this clause are in addition to your right to terminate under clause 21 of the Terms and Conditions. The cancellation rights in this clause are confined to the beginning of our relationship and are separate from the termination arrangements in clause 21 of the Terms and Conditions which will operate thereafter.

11. Subscriptions

11.1 Subscriptions to the Plan may only be made with your own cash or by transfer of cash from an existing Cash ISA or Stocks and Shares ISA. If your total subscription amount in cash has not cleared in our account before the Plan Start Date we reserve the right to cancel your Plan application, and, if we do have to cancel your application on that basis, we accept no liability for any resulting loss, of any kind, sustained by you by such cancellation.

Regardless of the legally binding nature of these Terms and Conditions, the information provided in the Brochure is valid for the subscription period only, which ends on the Plan Start Date.

11.2 Transfers of existing Cash ISA or Stocks and Shares ISAs will normally be arranged with the existing Cash ISA or Stocks and Shares ISA manager. Once the Cash ISA or Stocks and Shares ISA has been transferred, your new Stocks and Shares ISA Plan will be subject to the Terms & Conditions set out here. Please note that the value of your assets may change during such transfer.

12. Treatment of Cash held within your Plan

12.1 Cash will be held by us in interest bearing designated client bank accounts with approved banks in the UK in accordance with the Client Money Rules of the FSA in a pooled designated Client Account. Interest will accrue on money deposited in the Client Account.

12.2 Interest accrued on cash deposits will be credited to your Plan (less any applicable tax) immediately prior to investment in the Plan Securities, and will be rounded down to the nearest whole pound.

12.3 Within a Stocks and Shares ISA, cash can only be held on a temporary basis pending an investment and if held in cash over a prolonged period there is a risk that the Inland Revenue may void your Stocks and Shares ISA.

13. Permitted Investments

13.1 The Plan Provider will arrange to buy Securities issued by Morgan Stanley. Morgan Stanley has a credit rating of 'A' or better at the time of publication (as measured by Standard & Poor's or the equivalent rating by Moody's Investor Services Limited).

13.2 In the event of Morgan Stanley being unable to meet its financial obligations, you may not receive the full return and you could lose all, or part, of your original investment.

13.3 The Plan Provider may without previously consulting you aggregate any transaction for an investor with one or more transactions for other investors, but it will do so only if it reasonably considers that it is unlikely that the aggregation of transactions will work overall to your disadvantage. However, you should note that the aggregation of transactions may, on some occasions, result in you receiving a less favorable price than if each transaction had been carried out separately. The Plan Provider will take all reasonable steps to ensure that any aggregated transaction is carried out on the best terms generally available in the market at that time for transactions of a similar type and size.

13.4 You have a right to inspect copies of contract notes, vouchers and entries in the Plan Provider's book, or computerised records relating to transactions carried out for your account. These records will be kept for at least six years.

14. Plan Returns

14.1 Your Plan's returns, including how they will be taxed, will be in accordance with the relevant details in the Plan Information.

14.2 We will contact you around six weeks before the Plan Maturity Date outlining the options available to you in order to confirm what you want us to do with the cash proceeds of your Plan. If we do not receive instructions from you and your Plan is a Stocks and Shares ISA, we will hold your cash proceeds in an account selected by us until we receive your instructions, however at any time we may at our discretion attempt to remit the proceeds to you. If your plan is not a Stocks and Shares ISA, we will attempt to remit proceeds to you within seven days of the Maturity Date. It is therefore important that you notify us if Your address or bank details change. The cash proceeds of your Plan will not earn interest or generate any growth after the Maturity Date.

15. Investment Risks

15.1 Your investment is subject to a number of risks including those stated in the risk factors and generally in the Plan Information. In particular, if Morgan Stanley is unable to meet its payment obligations under the Securities, you may not receive the full return and you could lose all, or part, of your original investment. Before you invest in the Plan, you should ensure that you fully understand the nature of your investment, the risks involved and your own personal circumstances. If you are in any doubt about an investment in the Plan, you should take advice from an appropriately qualified financial adviser.

16. How Investments are held

16.1 Securities will be held in safe custody by us or to our order in the name of Keydata Investment Product Nominees Limited, or such other nominee approved by us, and will be beneficially owned by you. We accept full responsibility for any loss that might arise directly as a result of any default by any nominee company in whose name the Securities are held. Securities cannot be held by you outside of the Plan. All interests in your Plan will be, and must at all times remain, in your beneficial ownership, and must not be used as security for a loan. None of the interests may be lent to or deposited by way of collateral with any third party, nor may you create any charge or security over any interests. We may not lend any of your interests to a third party, nor may we borrow against them as security.

16.2 We shall at all times maintain records identifying your entitlement to Securities and cash in the Plan. No evidence of ownership will be issued to you, although you will receive the documents and information listed in clause 18 below.

16.3 If applicable, a certificate or other document evidencing title to an investment will be held by us in safe custody or as we may direct, and such documents will be kept separately from any document of title to an investment belonging to us.

16.4 Our nominee and safe custody services will include settlement and: a) dealing on your instructions with corporate actions (as applicable), including rights entitlements and other matters affecting the Securities; b) collecting and paying all monies becoming due or payable in respect of the Plan; c) claiming and collecting all payments or other income or entitlements (as applicable) accruing to you.

16.5 We may pool your Securities with the investments of other clients. In respect of the Securities registered collectively, your entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic record, so that in the event of any default, any shortfall of Securities registered in that name may be shared pro rata amongst all clients whose investments are so registered.

16.6 Where your holding has been pooled with the holdings of other clients, your entitlements to shares and other benefits arising from corporate events will be distributed on a pro-rata basis or in any other manner as we may reasonably think fit. We shall not be obliged to pass on fractional rights accruing to you by making a payment or delivery to you if the aggregate amount due to you is less than £1 or if the value deliverable to you is less than £1.

16.7 We shall not hold any lien over or security interest in your investments or cash held in our custody or lend or grant any security interest in your assets or borrow on your behalf from any third party to commit you to supplement the funds in the Plan.

17. Conflicts of Interest

17.1 We manage actual or potential conflicts of interest as they arise in accordance with our conflicts of interest policy and the relevant sections of the FSA rules. A summary of the conflicts of interest policy is attached to these Terms and Conditions for information purposes only.

17.2 Subject to our obligations under the FSA Rules, we may enter into any transaction with you, or on your behalf, notwithstanding that we or an affiliate have or may have a material interest in the transaction or any resulting transaction or a relationship which gives rise to a conflict of interest. The interests or relationships which we may have include, but are not limited to, being the other party to the transaction, or acting as agent for another client or investor, or acting as principal selling our own property to you or buying property from you, and thereby making a profit (or loss) or taking a mark-up, mark-down or credit for our or their own account. In addition, we may perform other roles with respect to the Securities. Further details of our other roles are explained in the Plan Information and also in the Summary of the Conflicts of Interest Policy in the Terms and Conditions.

18. Statements and Reporting

18.1 We will acknowledge in writing, where applicable:

- (i) your application to open a Stocks and Shares ISA;
- (ii) your request to transfer a Cash ISA or Stocks and Shares ISA to us; or
- (iii) your application to open a Direct Investment Plan.

18.2 We shall provide you with a statement showing the Securities and cash that are held by us in safe custody and a valuation of your portfolio every twelve months or, upon your written request, every three months in accordance with the FSA Rules. Values of investments will be based on valuations taken on or around the anniversary of your Plan Start Date each year. This will show details of all transactions effected during the previous twelve months and include a valuation of your Plan. The statement will be prepared in accordance with the FSA Rules, will be issued within 25 business days of the valuation date and will not include any measure of comparative performance.

18.3 We may produce a consolidated statement covering where applicable:

- (i) all Stocks and Shares ISAs that are held with us; and,
- (ii) an investment statement covering all Direct Investments held with us.

18.4 Upon request, we will forward to you copies of any information issued to the holders of the Securities in which you invest. We reserve the right to charge a reasonable fee for providing these additional services.

19. Partial Withdrawals

No partial withdrawals are permitted from your Plan.

20. Transfers to another Manager

20.1 Subject to the Regulations, you have the right at any time to transfer your Stocks and Shares ISA to another ISA Manager. Capital protection in respect of the value of your investment is only valid if you remain invested for the full investment period of the Plan. As such, if you transfer your Stocks and Shares ISA prior to the Maturity Date, or an Early Exit Feature (if your product has one) is triggered, the transfer value may be less than your original investment.

20.2 To effect a transfer you must submit to us a written instruction and/or a letter of acceptance from your new ISA Manager. We will effect the transfer in cash following the sale of all Securities held by you in accordance with the termination provisions set out below. It is not possible to transfer the Securities within any of the Plans directly into another Stocks and Shares ISA.

20.3 In accordance with the Regulations, if you wish to transfer a Stocks and Shares ISA for the current year the transfer must be effected in respect of all of the subscriptions made that year. In relation to Stocks and Shares ISAs opened in respect of a previous tax year, the transfer must be effected in respect of all holdings held in that tax year's plan.

20.4 No partial transfers will be allowed.

21. Termination and Withdrawal

21.1 You may terminate/withdraw from the Plan at any time by giving written notice to the Plan Provider that you wish to terminate/withdraw from your Plan. Following receipt, the Plan Provider will sell your investments at the next practicable dealing date. Your plan will terminate no later than 30 days after the termination notice is received by the Plan Provider. On termination, the Plan Provider will account to you for the proceeds of investments and will be entitled to retain any cash or investments required to settle any transactions already initiated on your behalf and any outstanding fees. You will pay to the Plan Provider any fees and transaction charges accrued to the date of termination.

21.2 The Plan may be terminated by the Plan Provider in the following circumstances:

(i) immediately on giving written notice to you if, in its opinion, it is impossible to administer the Plan in accordance with the Regulations or you are in breach of the Regulations. (The Stocks and Shares ISA Plan will terminate automatically if it fails to satisfy the provisions of the Regulations with immediate effect. The Plan Provider will notify you in writing if, by reason of any failure to satisfy the provisions of the Regulations a Stocks and Shares ISA Plan ceases to qualify as a Stocks and Shares ISA). You will immediately notify the Plan Provider in writing if you cease to be a qualifying individual for the purposes of the Regulations;

(ii) on one month's written notice if you fail to pay any money due; or,

(iii) on three month's written notice if you are in breach of any of these Terms & Conditions. In these circumstances any assets of the Plan will be sold and the proceeds transferred to you, subject to our right to retain cash in respect of fees and transaction charges as set out in clause 21.1 above.

21.3 It is anticipated that MSI plc will be the only dealer in the Securities.

22. Death

In the event of your death, your Stocks and Shares ISA will cease to be exempt from tax, with investments then being held in a Direct Investment. The Direct Investment forms part of your estate for Inheritance Tax purposes, and accordingly the Plan Provider would then await further instructions from your personal representatives.

23. Charges

23.1 Though no charges, fees or expenses will be deducted directly from the Plan or affect your anticipated return under the Plan, the terms of the Securities and the basis upon which they will be acquired by the Plan Provider on your behalf will reflect certain commission charges, fees and expenses (as specified in the Plan Information).

23.2 Where a Plan is transferred to another Plan Provider, we will deduct an administration charge of £100 from your Plan proceeds.

23.3 However, we reserve the right to introduce additional charges in the future to cover any additional expenses incurred by us as a result of a material change in Regulations. Should it ever become necessary to introduce such a charge, you will be given three months notice.

23.4 You should note that there may be additional taxes or other costs that you are liable for that are not paid via us or imposed by us.

24. Records of Your Plan

We will undertake to do the following:

- (i) to maintain all relevant records relating to your Plan;
- (ii) to make appropriate returns to the Inland Revenue for the purposes of taxation; and,

(iii) to provide all taxation details to you, as may be required under the Regulations.

25. Delegation of Functions

We may appoint a third party to act in respect of any function relevant to administration of your Plan. Should we appoint a third party, we will satisfy ourselves that any such third party is competent to carry out those functions or responsibilities. We shall take full responsibility for the actions and omissions of any such third party.

26. Assignment

We may appoint another company to be the Plan Provider of your Plan under these Terms & Conditions on giving you one month's notice. The new Plan Provider must be approved to act as an ISA Manager (as applicable) by the Commissioners of HM Revenue and Customs.

27. Complaints

Any complaint should be addressed to Morgan Stanley & Co. International plc, Compliance Department, 25 Cabot Square, Canary Wharf, London E14 4QA in the first instance. If you are not satisfied with the manner in which the matter is addressed you can refer complaints relating to the administration of your Plan to The Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings. A statement describing our complaints handling procedure is available on request.

28. Compensation

28.1 If we cannot meet our obligations to you, you may be entitled to compensation under the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. Details of your rights under this scheme are available from us upon request, and further information is available from the Financial Services Authority and the Financial Services Compensation Scheme. A statement describing your rights to compensation is available on request.

28.2 Your categorisation as a retail client does not necessarily mean that you will be an eligible complainant under the FSA rules or have access to the Financial Services Compensation Scheme or the Financial Ombudsman Service.

28.3 The securities underlying the Plan are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

29. Commission

29.1 When you subscribe to our Plan through an Independent Financial Adviser (an "IFA") we will usually pay commission to the IFA. This commission is payable to the IFA in respect of any investment advice given and/or an administrative charge for handling and forwarding your application form. The amount of the commission will depend on the amount you invest. Any amount payable will be detailed in correspondence with you. Commission is already accounted for in the terms offered and does not affect the returns shown. Please inform us if you change your IFA to enable us to keep our records up to date.

29.2 We may pay or accept any fee, commission or other non-monetary benefit from a third party in the course of acting as Plan Provider which does not give rise to a conflict with our duties to act in your best interests and to the extent that such acceptance is permissible under the FSA Rules.

30. Data Protection

30.1 We shall, in connection with personal information provided about you (the "Personal Data"), comply (where applicable) with the UK Data Protection Act 1998 and other applicable data protection laws and regulations.

30.2 Your Personal Data may be collected directly from you or through your agents (including your IFA) or any other third party who communicates with us. Where an IFA acts on your behalf, we will disclose your Personal Data and information concerning your investment to that IFA.

30.3 We may use your Personal Data for such purposes as are necessary in relation to the provision or administration of the services for which you are currently applying or may apply for in the future. This may include, without limitation, purposes for the operation of your investment in shares (including e.g. for registration and distribution purposes) and for statistical analysis. We may also process and disclose your Personal Data for the purposes of carrying out money laundering checks, conflict checks, fraud prevention, complying with diverse legal regulations and reporting to and auditing by national and international regulatory or exchange bodies.

30.4 We may also use your Personal Data to keep you informed by post, telephone or e-mail of our additional products or services and/or those offered by our associated companies. This information may not directly relate to financial services. Please note that your details may continue to be used for these purposes after your investment has lapsed. If you do NOT wish your contact details to be used for marketing purposes as set out above, please write to us at the address given below or tick the relevant box in the application form.

30.5 We may use third parties, agents or distributors to process your Personal Data, on our behalf, for the purposes set out in this clause 30.

30.6 This clause constitutes notice that we may need to transfer your Personal Data internationally both to other Morgan Stanley offices or to third parties, agents and distributors, for the purposes described above, including to countries which may not offer a level of protection for personal data as high as countries within the EEA. Agreement to this clause 30 shall constitute notification and (where applicable) consent to such transfers. We will endeavour to ensure that any such data processed or disclosed is appropriately protected by technical and operational security measures and contractual measures where necessary.

30.7 This clause 30 and the disclosure of Personal Data to us or our third parties is understood by you and us as constituting consent that we or our third parties may process personal data on the terms set out in this clause 30.

31. Money Laundering

All transactions relating to products provided by us are covered by the Money Laundering Regulations, including the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007, FSA Rules and any relevant guidance notes. This means that we are responsible for compliance with these regulations. As a consequence, you may be required to provide proof of identity when buying or selling your investment.

32. Communications

32.1 For your security telephone conversations may be recorded.

32.2 You acknowledge that you may receive from us unsolicited telephone calls and other communications permitted by the FSA Rules.

32.3 English law is taken by us as the basis for the establishment of relations with you prior to the conclusion of these Terms and Conditions.

33. Telephone and/or Internet Dealing

We reserve the right to introduce a facility for telephone and/or internet dealing in respect of your Plan. In the event that we introduce these facilities, we will reserve the right not to accept any dealing instruction unless we are satisfied that all information which we require at the time of dealing has been accurately provided.

34. Liability

You should read the Risk Factors and other sections of the Plan Information before submitting an Application Form to open a Plan. These Terms and

Conditions cannot disclose all the risks and other significant aspects of the Securities and your Plan. You should not apply to open a Plan unless you understand the nature of the Securities and the extent of your exposure to risk. No warranty is given by us as to the performance or profitability of the Plan. You must be aware that the price of securities can go down as well as up and that there is a degree of risk attached to stock market related investments. You may not get back the amount you originally invested. You are reminded that past performance is no guarantee of future returns. In the event of any failure, interruption or delay in the performance of its obligations resulting from any event or circumstance not reasonably within its control, the Plan Provider shall not be liable or have any responsibility of any kind for any loss or damage you incur or suffer as a result. Nothing in these Terms and Conditions will exclude or restrict any duty or liability which we have to you under the FSA Rules or will require you to indemnify any person where the requirement would be contrary to the FSA Rules.

35. Amendment to Terms & Conditions

We may from time to time change these Terms & Conditions by giving not less than ten business days prior written notice to you of any change.

36. Notices

36.1 All notices, instructions and other written communications required under these Terms and Conditions will be validly given by ordinary post, registered or recorded delivery, or by personal delivery.

36.2 All notices will be effective on delivery. Notices to us should be addressed to us at Morgan Stanley & Co. International plc of Fountain House, 2 Queens Walk, Reading, Berkshire RG1 7QF or such other address as we may specify by notice in writing to you and marked for the attention of the investment manager responsible for the services provided to you under these Terms and Conditions.

36.3 Notices to you will be sent to the last address you have given us.

37. No Third Party Rights

A person who is not a party to these Terms and Conditions will not have rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these terms.

38. Governing Law and Jurisdiction

These Terms & Conditions are governed by English law and are subject to the non-exclusive jurisdiction of the High Court of England and Wales. English law will, unless otherwise agreed in writing, govern any communication prior to the conclusion of any agreement between us. All our documents and all communications between us will be in English.

The Plan Information and the Terms and Conditions are issued and approved by: Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA. Authorised and regulated by the Financial Services Authority.

Summary of the Execution Policy

When we execute an order in financial instruments on your behalf we are required to take all reasonable steps to obtain the best possible result for you taking into account of the following execution factors: price, costs, speed of execution, likelihood of execution and settlement, the size and nature of the order and any other relevant consideration ("execution factors"). We have a best execution policy and arrangements which are designed to enable us to meet our best execution obligations. These provide that, in relation to your orders, we will determine the relative importance of the execution factors set out above taking into account of a number of execution criteria (set out above) including the nature of the financial instruments concerned and the markets on which your orders can be executed.

We will execute your orders on a number of execution venues including stock exchanges and other regulated markets, alternative trading systems or

multilateral trading facilities. Our execution policy lists those execution venues which we have selected on the basis that they enable us to obtain on a consistent basis the best possible result for the execution of client orders.

We may use other execution venues where we consider this appropriate in relation to the order or financial instrument concerned. We may also execute your order with ourselves where this enables us to meet our best execution obligations.

In executing an order for you, we will determine the best possible result for you in terms of the total consideration of the order, representing the price that the order will be executed at and all costs related to the execution of the order including execution venue fees, clearing and settlement fees and all other fees paid to third parties arising from the execution of the order.

We do not owe you fiduciary duties in relation to the execution of your orders over and above our best execution obligations.

Summary of the Conflicts of Interest Policy

We take all reasonable steps to identify and record conflicts of interest and maintain arrangements with a view to preventing such conflicts from giving rise to a material risk of damage to our clients.

The possible types of conflicts of interest are broad ranging and may arise from a wide range of circumstances. Amongst other things, these could include Morgan Stanley:

- (i) taking proprietary positions and/or making a market in instruments identical or economically related to transactions entered into with investors;
- (ii) having commercial interests related to transactions entered into with investors;
- (iii) having an intra group relationship between the issuer of the financial securities that are part of the Plan (Morgan Stanley, the parent company in based in New York) and the Plan Provider (Morgan Stanley & Co. International PLC, based in London);
- (iv) undertaking proprietary activities, including hedging transactions, which may affect the market price, rate, index or other market factors and, consequently, the value of the transaction entered into with investors; and
- (v) being an issuer or an associate of an issuer (or any of its affiliated companies) of Securities in which the Plan invests which could constitute a conflict of interest with the holders of those Securities.

We use various arrangements to manage such conflicts including information barriers, management and supervisory structures, transaction registration systems and personal account dealing policies.

Conflicts of interest will be disclosed where such arrangements are not sufficient to ensure with reasonable confidence that risk of damage to the interests of our clients will be prevented.

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