

14. Charges:

- (a) Where a Plan is transferred to another Plan Manager, we will deduct an administration charge of £100 plus VAT from your Plan proceeds.
- (b) 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.

15. Records of Your Plan:

We will undertake to do the following:

- (a) maintain all such records relating to your Plan;
- (b) make appropriate returns to the Inland Revenue for the purposes of taxation;
- (c) provide all taxation details to you, as may be required under the Regulations.

16. 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.

17. Assignment:

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

18. Complaints:

Any complaint should be addressed to Morgan Stanley & Co. International Limited, 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.

19. Compensation:

If we cannot meet our financial 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 on 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.

20. Commission:

When you subscribe to our Plan through an Independent Financial Adviser we will usually pay commission to the Adviser. This commission is payable to the Adviser 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 return shown.

Please inform us of any change in your Adviser to enable us to keep our records up to date.

21. Data Protection:

- (a) The information you provide on your application form (or subsequently) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998.
- (b) We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in the future, for the operation of your investment in Securities (including e.g. for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods or services by this company or other companies in the Morgan Stanley group. We may transfer information to other companies in the Morgan Stanley group and to third party agents of such companies or of this company for any of the above purposes.
- (c) Where a financial adviser acts on your behalf, we will disclose information concerning your investment to that financial adviser.
- (d) Save as noted above, we will not provide to any other third party any information relating to you, unless you have given your consent or unless we are required to do so by law.

22. Money Laundering:

All transactions relating to products provided by us are covered by the Money Laundering Requirements (Criminal Justice Act 1993, the Money Laundering Regulations 1993 and 2000, 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.

23. Telephone Recordings:

For your security telephone conversations may be recorded.

24. 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.

25. Exclusion of Liability:

Your attention is drawn to the Key Features documentation and the "Risk Factors" therein. 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 stockmarket investments. You may not get back the amount 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 Manager shall not be liable or have any responsibility of any kind for any loss or damage you incur or suffer as a result.

26. Amendment to Terms & Conditions:

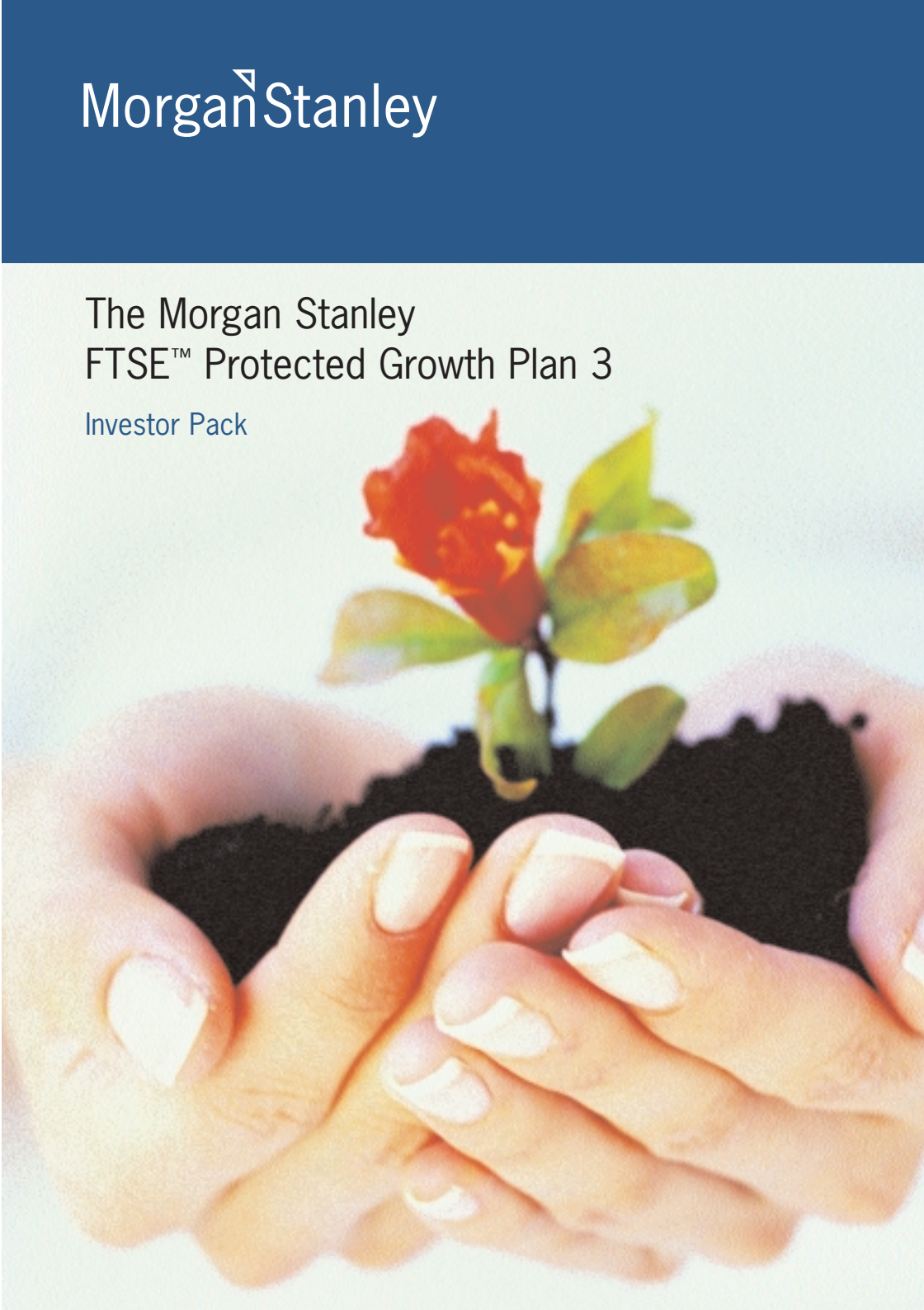
We may from time to time change these Terms & Conditions by giving not less than ten business days written notice to you of any change.

27. Governing Law and Jurisdiction:

These terms are governed by English law and are subject to the non-exclusive jurisdiction of the High Court of England and Wales.

The Morgan Stanley FTSE™ Protected Growth Plan 3

Investor Pack



The Morgan Stanley FTSE™ Protected Growth Plan 3

Introduction

After the success of the Morgan Stanley FTSE™ Protected Growth Plan 2 we have decided to issue the Morgan Stanley FTSE™ Protected Growth Plan 3 (the “Plan”). This may appeal to the investor who does not want to expose their capital to the risks of the UK stockmarket, whilst still retaining significant potential for investment growth linked to the UK stockmarket.

Morgan Stanley is a leader in the structured products market, providing innovative solutions and sophisticated products to meet a broad variety of clients' differing investment needs.

Plan Key Features

- Plan Managed by Morgan Stanley & Co. International Limited (“MSIL”), authorised and regulated by the Financial Services Authority.
- Six year investment term.
- One times the growth of the FTSE™ 100 Index unless the Early Exit Feature is triggered.
- High degree of Capital protection provided by securities issued by financial institutions with a credit rating of A+ or better by Standard & Poor's at the time of purchase. In the event of these financial institutions going into liquidation or failing to comply with the terms of the securities you may lose money and get back less than you invested.
- Single Early Exit Feature to release early gains at the end of three years.
- Early exit investment proceeds will be paid after one week.
- Pre-investment interest paid at 0.5% below base rates.
- Open for ISA/PEP and Direct Investment including via SIPPs and SSASs.

Plan Overview

The “Plan” is a six year investment which is designed to provide investors with the full return of their capital plus participation in the growth of the FTSE™ 100 Index over the six year term of the product. The Plan has an Early Exit Feature that provides for a return of 125% of an investor's initial investment at the end of year three, subject to certain conditions which are outlined in the Early Exit Feature section opposite.

Plan Returns

Initial Investment

Your money will be used to buy securities which it is envisaged will be medium term notes, which are debt instruments or bonds issued by financial institutions, with a credit rating of A+ or better by Standard & Poor's, or the equivalent rating by Moody's Investor Services Limited at the time of purchase. The Plan Manager will select Securities that are designed to ensure that the investment objectives set out in this Plan brochure are achieved.

Securities will be purchased by the Plan Manager on 16th January 2004 which is the Plan Start Date. Any subscription money invested by you in the Plan before this date will accrue interest in a client bank account at a rate of 0.5% below bank base rates (net of 20% deduction to be paid to the Inland Revenue as tax on interest on cash held pending ISA investments). Your Initial Investment for the purposes of the Plan will equal the sum of your subscription money **plus** any accrued interest.

Your Initial Investment will be rounded down to the nearest £1.00.

Growth

If you sell your investment before its maturity date you may get back less than your initial investment.

Returns at Maturity

Provided the Early Exit Feature is not triggered, your investment growth at maturity will equal your Initial Investment multiplied by the percentage growth in the FTSE™ 100 Index over the six year investment term. This is calculated by reference to the percentage change between the Initial Index Level and the Final Index Level. If the Final Index Level is below the Initial Index Level, growth will be zero.

The Initial Index Level is the official closing level of the FTSE™ 100 Index on the 16th January 2004.

The Final Index Level is the average of the six monthly closing levels of the FTSE™ 100 Index from August 2009 to January 2010 (6 observations in total).

Early Exit Feature

If the Early Exit Index Level is 25%, or more, higher than the Initial Index Level, the Early Exit Feature will be triggered. If the Early Exit Feature is triggered you will be able to elect to receive an amount equal to 125% of your Initial Investment and exit from the Plan or elect to continue with the Plan on terms that will be offered at the time. If the Early Exit Feature is triggered you will not participate in any FTSE™ 100 Index growth above 25% regardless whether you elect to exit from the Plan or not.

Any early exit payment will be made no later than 30th January 2007.

If the Early Exit Index Level is less than 25% higher than the Initial Index Level, the Plan will continue to maturity.

The Early Exit Index Level is the official closing level of the FTSE™ 100 Index on 16th January 2007.

Capital Return

The Plan is designed to provide a minimum of a full repayment of your Initial Investment at maturity. Please see the Product Risks on the next page for a more detailed description of how Plan protection is provided.

Potential Returns

The following table illustrates the potential returns you could earn based on an Initial Investment of £10,000.

Final Index Level compared to Initial Index Level (% change) *	Early Exit Index Level > 25% above Initial Index Level		Early Exit Index Level < 25% above Initial Index Level	
	Early Exit Index growth	Total Return	Maturity growth	Total Return
-60.0%	N/A	N/A	0	10,000
-40.0%	N/A	N/A	0	10,000
-20.0%	N/A	N/A	0	10,000
0.0%	N/A	N/A	0	10,000
20.0%	N/A	N/A	2,000	12,000
40.0%	2,500	12,500	4,000	14,000
60.0%	2,500	12,500	6,000	16,000
80.0%	2,500	12,500	8,000	18,000
100.0%	2,500	12,500	10,000	20,000
120.0%	2,500	12,500	12,000	22,000

* Final Index Level is only applicable where the Early Exit Feature has not been triggered.

Product Risks

- The Plan has a maturity of six years and is intended as a medium term investment. If you sell your investment before its maturity date you may get back less than your Initial Investment. Prior to maturity, limited liquidity for the securities will be provided in the secondary market. This means that it may not always be possible to sell the securities at certain times and that the price achieved may be less than the original investment. It is anticipated that MSIL will be the only dealer in the securities.
- Your money is invested in securities issued by financial institutions with a credit rating of A+ or better by Standard & Poor's or the equivalent rating by Moody's Investor Services Limited at the time of purchase. These securities are designed to provide the return for your investment. In the event of these financial institutions going into liquidation or failing to comply with the terms of the securities, you may lose all or part of your money and get back less than you invested. It is not a guaranteed investment.
- The returns of the Plan are based on the price performance of the FTSE™ 100 Index and does not include any return from dividend income or participation in corporate actions, as would be the case if you invested in the FTSE™ 100 Index directly.
- If the Early Exit Feature is triggered you will not participate in any FTSE™ 100 Index growth above 25%.
- If the Early Exit Feature is not triggered the Final Index Level will not be based on a single reading of the FTSE™ 100 Index, but on the average level of the Index on a given set of dates over the final six months, defined in the Returns At Maturity section on page 3. The calculation of the average FTSE™ 100 Index level may result in a lower return than if a single reading of the FTSE™ 100 Index was taken at the Plan maturity.
- MSIL does not give investment advice. If you are in any doubt about the suitability of this investment, you should contact your independent financial adviser.
- The levels and basis of taxation and reliefs from taxation can change at any time.
- For a more extensive description of the Product Risks, see page 7 of the Key Features section of this brochure.

The Morgan Stanley FTSE™ Protected Growth Plan 3

Three ways to invest

1. ISA's for 2003/04

Invest £3,000 per person into a Mini Stocks and Shares ISA or Invest £7,000 per person into a Maxi ISA for 2003/04. Income or growth payouts made within an ISA are completely free of any tax, under current legislation. However, the tax free status of ISAs is always subject to changes in legislation.

2. ISA and PEP transfers

The Plan accepts transfers of existing Mini stocks and shares ISAs, Maxi ISAs and PEPs. Consideration prior to transfers should include exit and associated charges of encashing your existing investments and the potential for loss of income or growth whilst the transfer is pending.

3. Direct Investments

You can invest directly in the Plan. The Plan is open for SIPP and SSAS investors.

How to Invest

This brochure also contains a Key Features section including Terms & Conditions, all of which should be read before investing.

- Main Application Form for ISA and Direct Investment – if you are applying for a Direct Investment or an ISA in 2003/04, you should complete sections 1-3 on the front of the form and section 4 on the back of the Application Form for ISA and/or Direct Investment.
- Application Form for PEP/ISA Transfers – if you are applying for a PEP or ISA transfer, you should complete sections 1-2 on the front of the form and section 3 on the back of the Application Form for PEP or ISA transfer.
- Application Forms for second applicants – for second applicants there is an additional ISA/Direct Investment form. For additional applications simply photocopy the application forms.
- Your cheque – it is only necessary to send one cheque for the total amount that each individual wishes to invest (e.g. one cheque for £15,000 can cover an ISA investment of £7,000 and a Direct Investment in shares of £8,000). Separate applications (e.g. from a husband and wife) require two cheques. Cheques should be made payable to 'Morgan Stanley FTSE™ Protected Growth 3 Client A/C'. If your cheque is from a building society, it should reference your name. For example 'Morgan Stanley FTSE™ Protected Growth 3 Client A/C' Reference 'A Johnson'.

What to do with your completed application

1. Check that all sections have been completed as necessary and that the application has been signed.
2. Return the completed application and your cheque to your financial adviser, who will be required to complete the appropriate verification of identity checks and sign the application.
3. **Your financial adviser should then send the completed application package to Morgan Stanley & Co. International Limited, Administration Office, Protected Growth Plan, Floor 8, Fountain House, 2 Queen's Walk, Reading, RG1 7QF.**
4. For any queries on your application please call our administrator on 0118 956 3188.

Key Events and Dates

Offer Periods

ISA and PEP Transfers	3rd November 2003 to 8th December 2003
ISAs, Direct Investments	3rd November 2003 to 22nd December 2003

FTSE 100 Index Observation Dates

Initial Index Level	Official closing level on 16th January 2004
Early Exit Index Level	Official closing level on 16th January 2007
Final Index Level	Monthly average of the official closing levels on the 16th of each month from August 2009 to January 2010 (6 observations in total)

Plan Payments

Early Exit Index Payment Date	30th January 2007
Maturity Payment Date	26th January 2010

**In the event that any of the above dates are not London business days, the relevant date will be moved forward to become the first business day immediately following the date in question.*

Key Features of the Morgan Stanley FTSE™ Protected Growth Plan 3

Investment Options

Investment can be made in the following ways:

- Via a Maxi ISA
- Via a Mini Stocks and Shares ISA
- By transferring an existing PEP (General and/or Single Company) or ISA
- By making a Direct Investment.

We've described the Plan in these Key Features.

For your information, in respect of PEP and ISA transfers, the current issue of this Plan will be closed to investments on 8th December 2003.

Objectives

The objectives of the Morgan Stanley FTSE™ Protected Growth Plan 3 ("the Plan") are as follows:

To provide an opportunity to participate in returns linked to the FTSE™ 100 Index over a six year period.

To provide a full return of an investors initial investment at maturity of the Plan, or if the Early Exit Feature is triggered, to provide for early exit out of the Plan after three years if the FTSE™ 100 Index is 25% higher than its initial level.

To provide Plan returns, it is envisaged the Plan

will invest in securities known as medium term notes ("Notes") which are debt instruments or bonds issued by financial institutions. The Plan Manager, who is regulated by the FSA, will arrange for the purchase of the Notes. These Notes are designed to have the characteristics required to match the advertised returns to investors. MSIL may be providing, or may have provided within the previous twelve months, significant advice or investment services in relation to the investment concerned or a related investment.

As soon as practicable after 16th January 2010 if the Early Exit Feature does not trigger, or 16th January 2007 if the Early Exit Feature does trigger, you will have the option to either close your Plan, transfer it to another manager (where relevant), or to continue your investment on terms that will be offered at the time.

Making an Investment

Subscription is only available by way of lump sum investment. The minimum is £3,000 for a Mini Stocks & Shares ISA and £5,000 for a Maxi ISA or Direct Investment. If investing via a Mini Stocks & Shares ISA you must not subscribe to a Maxi ISA or another Mini Stocks & Shares ISA in the same year that you subscribe to this ISA. If investing via a Maxi

ISA, you must not subscribe to another ISA (other than a Tessa only ISA) in the same tax year that you subscribe to this ISA. PEP or ISA transfers are subject to a minimum investment amount of £5,000.

Risk Factors

- The Plan has a maturity of six years and is intended as a medium term investment. If you sell your investment before its maturity date you may get back less than your Initial Investment. Prior to maturity, limited liquidity for the securities will be provided in the secondary market. This means that it may not always be possible to sell the securities at certain times and that the price achieved may be less than the original investment.
- Your money is invested in securities issued by financial institutions with a credit rating of A+ or better by Standard & Poor's or the equivalent rating by Moody's Investor Services Limited at the time of purchase. These securities will provide the return for your investment. In the event of these financial institutions going into liquidation or failing to comply with the terms of the securities, you may lose money and get back less than you invested. It is not a guaranteed investment.
- If you have invested via an ISA and subsequently decide to withdraw, it may not be possible to invest in another ISA for tax year 2003/2004 if your cancellation period has expired.
- Your circumstances could change, forcing you to withdraw and realise your investment early. If this happens, you may get back substantially less than the amount you originally invested.
- The formula under which the return on the Plan is likely to be calculated provides that in certain circumstances calculation of the return may be adjusted to take account of market disruption events interfering with determination of the level of the FTSE™ 100 Index. A relevant market disruption would be a suspension or limitation of trading on the London Stock Exchange of a material proportion of the shares included in the FTSE™ 100 Index, which would delay or prevent calculation of the official Index level. Should this occur, the return on the Plan will be affected and may be more or less than would otherwise have been the case.
- Payments scheduled to be made in respect of the securities in which the Plan will invest your money may be delayed where market disruption events occur (as described above), causing a delay to the availability of published index levels for the FTSE™ 100 Index, and potentially therefore delays to payments. In the event that any such payments are delayed, corresponding adjustments will be made to the scheduled dates for payments under the Plan.
- Past performance is not necessarily a guide to future performance and should not be used to assess the risks associated with this investment.
- The levels and basis of taxation and reliefs from taxation can change at any time. The value and availability of any tax relief depends on individual circumstances. The favourable tax treatment of ISAs and PEPs may not be maintained throughout the term of the ISA, and is subject to changes in legislation.
- Tax assumptions are based on our understanding of current legislation and practice at the time of print and may be subject to future change.
- The returns of the Plan are based on the price performance of the FTSE™ 100 Index and do not include any return from dividend income or participation in corporate actions, as would be the case if you invested in the shares comprising the FTSE™ 100 Index directly.
- If the Early Exit Feature is triggered you will not participate in any FTSE™ 100 Index growth above 25%.
- If the Early Exit Feature is not triggered the Final Index Level will not be based on a single reading of the FTSE™ 100 Index, but on the monthly average level of the Index over the final six months. The calculation of the average FTSE™ 100 Index level may result in a lower return than if a single reading of the FTSE™ 100 Index was taken at the Plan maturity.

Frequently Asked Questions

What is the Morgan Stanley FTSE™ Protected Growth Plan 3?

It is an investment plan, which can be accessed in one or more ways: by using your annual Mini Stocks and Shares ISA allowance of £3,000, your Maxi ISA subscription allowance of up to £7,000, by ISA or PEP transfer or as a Direct Investment. The Plan follows an investment strategy designed to ensure that scheduled payments are met and that the risks of the investment correspond to the risks described above. The Plan is an investment in qualifying securities, denominated in sterling and listed on an approved stock exchange. You can track the performance of your investment through the Plan price, which is available on request from the Plan Manager.

Who is eligible to invest?

UK investors aged 18 and over are eligible to invest in the Plan via an ISA or by using the Direct Investment option. Investments can also be made through the Direct Investment option on behalf of a person under the age of 18.

What happens to my subscription money?

Prior to the Plan Start Date your subscription money will be paid into a client bank account and your money will be managed in accordance with FSA's client money rules. Interest will accrue on money in the client bank account at a rate equal to UK bank base rates minus 0.5%. Interest will accrue from the date the cheque is cleared until the Plan Start Date. All such interest with respect to this money will be invested into your ISA net of a 20% deduction that is required to be paid to the Inland Revenue.

What is my Initial Investment?

For the purposes of the Plan, your Initial Investment is equal to any subscription money you pay into the Plan's client bank account plus any interest accrued on your subscription money, less any applicable deductions (see above). Your Initial Investment will be rounded down to the nearest £1.00.

What happens on the Plan Start Date?

At the Plan Start Date, the Plan Manager will use the aggregate Initial Investment amount to purchase securities with features that match the payment objectives of the Plan. The Plan Start Date is 16th January 2004.

What is the Early Exit Feature?

If the Early Exit Index Level is 25%, or more, higher than the Initial Index Level (as defined on page 3) the Early Exit Feature will be triggered. If the Early Exit Feature is triggered you will be able to elect to receive an amount equal to 125% of your initial investment and exit from the Plan or elect to continue with the Plan on terms that will be offered at the time.

If the Early Exit Feature is triggered you will not participate in any FTSE™ 100 Index growth above 25% regardless of whether you elect to exit from the Plan or not.

What can I do if the Early Exit Feature is triggered?

You can elect either to close the Plan by selling your Plan securities or to continue your investment in the Plan on terms that will be offered at the time. If you decide to close your Plan the Plan Manager will invest your proceeds from the disposal of Plan securities into a client bank account pending further instructions.

What return can I expect?

Your final return, on 26th January 2010 will be as described in the Brochure on page 2, subject to the Risk Factors on page 7. Your final return is expected to be at least equal to your initial investment.

In the event that the Early Exit Feature is triggered you will be able to sell your Plan securities in order to receive a single payment equal to 125% of your initial investment on 30th January 2007, this amount will be credited to the Plan client bank account.

What is averaging?

If the Plan runs to the Plan Maturity Date your final growth, if any, will not be calculated based on a single reading of the FTSE™ 100 Index, but on the monthly average level of the Index over the final six months of the Plan. If the closing level of the FTSE™ 100 Index on the Plan Maturity Date were to be higher than the average level over the final six months of the Plan, this would result in a lower return than if the closing level had been used.

What capital return do I receive?

Your maturity proceeds on 16th January 2010 are expected to be equal to your initial investment. Please see the risk factors on page 7 for important information on the nature of the assets that provide your capital protection for the Plan.

What is the "FTSE™ 100 Index"?

The FTSE™ 100 Index is an index compiled and calculated by FTSE™ International Limited ("FTSE™"). The Index is comprised of the 100 largest companies listed on the London Stock Exchange by market capitalisation. The daily published level of the Index is derived by FTSE™ from the closing price of Shares in each of those 100 companies, weighted according to their relative market capitalisations.

Can I withdraw before the end of the six year term?

Yes. However, should you withdraw at any time during the six year investment period, the cash value is not guaranteed and will depend on prevailing market conditions including, but not limited to, interest rates, demand for securities in the secondary market and the levels of the FTSE™ 100 Index to which your investment is linked. As all charges are reflected in the terms offered, the value of your investment in a Plan is likely to be less than the amount originally invested in it for a substantial part of the investment period. The investment protection is only valid if you remain invested for the full six year investment period, or if the Early Exit Feature is triggered and you choose to exit from the Plan after three years.

Will my return be taxed?

For an investor who is a UK resident individual, all returns from ISA and PEP investments are currently free of Income Tax and Capital Gains Tax. If the investments are held within a Direct Investment, all returns in excess of the initial investment either on a sale of the plan or on maturity will be subject to income tax at your highest marginal rate of tax. Payments from the plan will be made gross of tax and it is your responsibility to declare this income on your tax return. You should seek advice from your own tax adviser if you have any doubts as to your tax status.

If I am considering a PEP or ISA transfer, is there anything else I should know?

Your existing PEP or ISA must be transferred in cash, which means that your existing Plan Manager will sell your investment holdings. Your existing Plan Manager may charge you an exit or transfer fee. There is the potential for loss of income or growth if markets should rise while your transfer remains pending. Please note that to ensure the funds are received from your existing Plan Manager in a timely manner, we have an early cut-off date for PEP and ISA transfers of 8th December 2003.

What if I want to close or transfer my Plan?

You may only terminate or transfer the Plan in whole by way of written notification. Dealing normally takes place at the end of each month; your investment(s) will be sold at the next practicable dealing day following the request. We anticipate that MSIL will be the only dealer in the Plan Securities. Payment will then be made within seven working days. Partial withdrawals will not be permitted.

How will charges and expenses affect my investment?

With the exception of a £100 plus VAT charge in the event that you subsequently wish to transfer your Plan to another Plan Manager, there are no explicit initial or ongoing charges. All other charges are taken into account in setting the terms offered over the investment period and the returns shown are net of all charges and expenses. The terms offered also take into account all the costs of setting up the Plan, administering it and conducting the investment management of your Plan.

How much will the advice cost?

MSIL does not provide advice. If you have any doubts as to the suitability of this plan, please consult your financial adviser. If you require personal financial advice you should consult an independent adviser. If you receive advice from an independent adviser he will give you details about the cost. If you are not receiving any advice, commission may still be payable to an independent adviser. Commission is expected to be paid by the Plan Manager to independent financial advisers through whom applications for the Plan are received. The amount of commission will depend on the amount you invest. The amount will also be included in your welcome letter. Commission is already accounted for in the terms offered and does not affect the return shown.

Will you keep me updated?

Within 5 days of receipt of your application by us, we will send you a formal acknowledgement as well as information on your right to cancel, granted under the terms of the Plan. If you cancel within the applicable 14 day cancellation period you will be entitled to the repayment of the amount you have invested plus any accrued interest, less any necessary administration or other costs. After the Plan Start Date on 16th January 2004, we will send you an opening statement detailing your holdings within your Plan. At the end of every year, we will send you an annual statement and valuation.

What happens to my investment if I die?

Upon death, assets will then be transferred to a Direct Investment, which forms part of your estate for Inheritance Tax purposes. If relevant, the PEP or ISA status of the investment will then be lost. 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.

What are CAT standards and do they apply to this Plan?

These are voluntary standards for ISAs introduced by the Government. The standards cover levels of charges, access to savings and fair terms. These are not a guarantee of performance and do not imply that an ISA has been approved by the Government. It is not considered useful or appropriate to structure this Plan in accordance with CAT standards.

The Plan is not in any way sponsored, endorsed, sold or promoted by FTSE™ International Limited ("FTSE™") or by the London Stock Exchange plc (the "Exchange") or by The Financial Times Limited ("FT") and none of FTSE™ nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE™.

However, none of FTSE™ nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of FTSE™ nor Exchange nor FT shall be under any obligation to advise any person of any error therein. FTSE accepts no liability in connection with the trading of any products on the Index. All copyright in the Index values and constituent list vests in FTSE™. Morgan Stanley & Co International Limited. Has obtained full license from FTSE™ to use such copyright for the Plan. "FTSE @", "FT-SE @" and "Footsie @" are trademarks of the Exchange and FT and are used by FTSE™ under license.

Terms and Conditions

1. Definitions:

In these terms the following words have the following meanings:

"Plan Manager"	Morgan Stanley & Co. International Limited, which is Authorised and regulated by the Financial Services Authority ("FSA").
"Application Form"	The form that must be completed to enable your Plan to be opened, substantially in the form shown at the end of these Terms & Conditions.
"Plan Start Date"	16th January 2004.
"ISA"	Mini Stocks and Shares and /or Maxi Individual Savings Account.
"MSIL"	Morgan Stanley & Co. International Limited.
"PEP"	Personal Equity Plan.
"Plan"	ISA, PEP or Direct Investment as held under these Terms & Conditions.
"Securities"	The medium term notes or other securities to be acquired or entered into by the Plan Manager in order to provide the Plan returns.
"Regulations"	Personal Equity Plan Regulations 1989 and Individual Savings Account Regulations 1998 as amended from time to time.
"We", "us" & "our"	Plan Manager.
"You" and "your"	An investor who applies to open an ISA (or Direct Investment) or in the case of a PEP (or ISA) Transfer, an investor who applies to transfer their PEP (or ISA) on these Terms & Conditions.

2. Your Plan:

- To open a Plan, you must submit to the Plan Manager a fully completed Application Form. In the case of an ISA investment, you must also provide the initial subscription amount. In the case of an ISA or PEP transfer, we will manage your Plan upon receipt of the proceeds of your previous Plan from your previous Plan Manager. The Application Form is part of these terms and conditions and if the terms differ, those contained in the Application Form will prevail.
- Subject to the Regulations we may open an ISA Plan provisionally where the information which you have supplied is insufficient. In respect of an 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.
- If applicable you may open more than one Plan, subject to completion of an Application Form for each Plan.
- The Plan Manager reserves the right to reject an application for any reason.

3. Cancellation:

- You will have the right to cancel your Plan within 14 days of receiving from us a notice of your right to cancel.
- 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.

- If you exercise your right to cancel the purchase of the Plan following a PEP or ISA transfer, the proceeds will be paid direct to you and you will irrevocably lose any favourable tax treatment associated with a PEP or ISA holding.

4. Subscriptions:

- Subscriptions to the Plan may only be made with your own cash or by transfer of cash from an existing ISA.
- If you are investing into a PEP Plan, investment may only be made by transfer of cash from an existing PEP.
- Transfers of existing PEPs and ISAs will normally be arranged with the existing PEP or ISA manager. Once the PEP or ISA has been transferred, your PEP or ISA Plan will be subject to the Terms & Conditions set out here.

5. Treatment of Cash held within your Plan:

- Cash will be held by us in accordance with the Client Money Rules of the FSA in a pooled Client Account with a bank (which is not an associate of the Plan Manager). Interest will accrue on money deposited in the Client Account at a rate equal to bank base rates minus 0.5%.
- Interest accrued on cash deposits will be credited to your Plan immediately prior to investment in the Plan Securities, and will be rounded down to the nearest whole pound.
- Within an ISA or PEP, cash can only be held pending an investment and if held in cash over a prolonged period there is a risk that the Inland Revenue may void your ISA or PEP.

6. Permitted Investments:

- The Plan Manager will arrange to buy Securities from one or more financial institutions with a credit rating of 'A+' or better at time of purchase (as measured by Standard & Poor's or the equivalent rating by Moody's Investor Services Limited). In the event of such Securities being unavailable, the Plan Manager may substitute the Securities for alternatives with similar characteristics.
- In the event of any issuing institution being unable to meet their financial obligations, you may not receive the full return and you could lose all, or part, of your investment.
- The Plan Manager may aggregate any transaction for an investor with one or more transactions for other investors, even though this may result in a less favourable price than if it had been carried out separately. The Plan Manager 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.
- You have a right to inspect copies of contract notes, vouchers and entries in the Plan Manager's book, or computerised records relating to transactions carried out for your account. These records will be kept for at least six years.

7. Plan Returns:

In the event the Early Exit Feature has not been triggered you will receive payment on 26th January 2010 equal to your initial investment plus 1.0 times the growth in the FTSE™ 100 Index calculated under the methodology set out on page 3 of this brochure under "Returns at maturity", subject to stated risks. If the Early Exit Feature is triggered you will be able to elect to receive an amount equal to 125% of your Initial Investment and exit from the

Plan or elect to continue with the Plan on terms that will be offered at the time. If the Early Exit Feature is triggered you will not participate in any FTSE™ 100 Index growth above 25% regardless or whether you have elected to exit from the Plan or not.

For Investors who are resident in the UK for tax purposes the above payments made in respect of a Plan which is held as an ISA or PEP will not be subject to either UK Income Tax or UK Capital Gains Tax. Any gains or losses on your investment will be disregarded for the purposes of Income Tax or Capital Gains Tax. For Investors who are resident in the UK for tax purposes, in respect of a Plan which is held as a Direct Investment, all returns in excess of the initial investment at maturity may be liable to Tax. These statements are based on current legislation, regulations and practice, all of which may change. If you have any doubts concerning your tax status, you should consult your own tax adviser.

8. How Investments are held:

Securities will be held 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 its security.

9. Documentation:

- We will acknowledge in writing, where applicable:
 - your application to open an ISA;
 - your request to transfer a PEP or ISA to us; or
 - your application to open a Direct Investment Plan.
- You will receive an annual statement prepared on the basis of valuations taken on 16th January each year. This will show details of all transactions effected during the previous twelve months and includes a valuation of your Plan. The statement will be prepared in accordance with the rules of the FSA and will be issued within 25 business days of the valuation date and will not include any measure of comparative performance.
- We may produce a consolidated statement covering where applicable:
 - all ISAs that are held with us;
 - an investment statement covering all PEPs held with us;
 - an investment statement covering all Direct Investments held with us.
- On request, you are entitled to receive copies of any information issued to holders of Securities in which you invest. We reserve the right to make a reasonable charge for providing these additional services.
- Where a certificate or other document evidencing title to a permitted investment is issued, it will be held by us or as we may direct.

10. Partial Withdrawals:

No partial withdrawals are permitted from your Plan.

11. Transfers to another Manager:

- Subject to the Regulations, you have the right at any time to transfer your ISA to another ISA Manager, or as the case may be, your PEP to another PEP Manager. Your investment protection is only valid if you remain invested for the full six year investment period. As such, if you transfer your ISA or PEP you may not receive a transfer value equal to your initial investment.
- To effect a transfer you must submit to us a written instruction and/or a letter of acceptance from your new ISA (or as the case may be PEP) Manager. We only effect the transfer in cash following the sale of all Securities held by you. It is not possible to transfer the Securities within any of the Plans directly into another ISA or PEP.
- In accordance with the Regulations, if you wish to transfer an ISA for the current year the transfer must be effected in respect of all the subscriptions made that year. In relation to ISAs and PEPs opened in respect of a previous year the transfer must be effected in respect of all holdings held in that year's Plan.
- No partial transfers will be allowed.

12. Termination:

- You may terminate the Plan at any time by giving written notice to the Plan Manager that you wish to terminate your Plan. Following receipt the Plan Manager will then sell your investments at the next practicable dealing date. On termination, the Plan Manager 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 Manager any fees and transaction charges accrued to the date of termination.
- The Plan may be terminated by the Plan Manager in the following circumstances:
 - 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 ISA or PEP Plan will terminate automatically if it fails to satisfy the provisions of the Regulations with immediate effect. The Plan Manager will notify you in writing if, by reason of any failure to satisfy the provisions of the Regulations an ISA or PEP Plan ceases to qualify as an ISA or PEP);
 - on one month's written notice if you fail to pay any money due;
 - 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 (a) above.
- It is anticipated that MSIL will be the only dealer in the Plan securities.

13. Death:

In the event of your death, your ISA and/or PEP 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 Manager would then await further instructions from your personal representatives.

4 Declaration & Authority

Applicable to Direct Investment Applicants only

I declare I am 18 years of age or over and that I am not a resident, nor am I acting on behalf of, a resident of the United States; and that I will not assist any person who is so resident to invest in this plan. Further I agree to inform you immediately should I become a resident of the United States.

Applicable to all ISA Applicants

I declare that:

- All subscriptions made, and to be made, belong to me;
- I am 18 years of age or over;
- If I am applying for a Mini Stocks and Shares ISA; I have not subscribed and will not subscribe to a Maxi ISA or another Mini Stocks and Shares ISA in the same year that I subscribe to this Mini Stocks and Shares ISA. If I am applying for a Maxi ISA, I have not subscribed and will not subscribe to another ISA, other than a TESSA-only ISA, in the same year that I subscribe to this ISA;
- I am resident and ordinarily resident in the UK for tax purposes, or non-resident but performing duties which by virtue of section 132(4)(a) of the Income and Corporation Taxes Act 1988 are treated as being performed in the UK, or I am married to a person who performs such duties and that I will immediately inform Morgan Stanley & Co. International Limited if I cease to be so resident and ordinarily resident or to perform such duties, or be married to a person who performs such duties.

For all Applicants

I authorise Morgan Stanley & Co. International Limited:

- To hold my cash subscription, Direct investments, ISA investments, (as applicable), interest, dividends and other rights or proceeds in respect of those investments and any cash or other proceeds;
- To make on my behalf any claims to relief from tax in respect of ISA investments;
- On my request to transfer or pay to me, as the case may be, Direct investments, ISA investments, interest, dividends, rights or other proceeds in respect of such investments, any cash or other proceeds and;
- To supply an annual statement.

I have read and understood the Morgan Stanley FTSE™ Protected Growth Plan 3 containing the Key Features and Terms & Conditions I acknowledge and agree to the terms under which my investments will be managed. I understand that Morgan Stanley does not provide investment advice in relation to the Plan and confirm that I either do not require such advice or have received advice on the Plan from an Independent Financial Adviser. I declare that this application form has been completed to the best of my knowledge and belief.

Signature	X
Date	X

Joint holder if applicable (Direct Investment only):

Signature	X
Date	X

Investors should be aware that the value of investments and the income from them can fall as well as rise, and that past performance is not necessarily a guide to the future performance.

Notes: When completed this application form should be returned to your financial adviser.

MONEY LAUNDERING REGULATIONS 1993: Under the regulations, there is a legal requirement to prove the identity of people who wish to make an investment. You may therefore be asked for some evidence of your identity. This will normally be a passport or similar form of identity check together with proof of address from a gas bill, electricity bill or similar.

Morgan Stanley & Co. International Limited will store information that we hold about you for administration and marketing. We may contact you about our services, and the services of companies with whom we have a relationship, in the future.

If you would prefer not to receive such information please mark this box.

The interim value of the underlying assets of the Plan do not directly impact the benefits generated. Hence, the periodic statement shall be issued on an annual basis and not more frequently.

Issued by Morgan Stanley & Co. International Limited, which is authorised and regulated by the Financial Services Authority.

Financial Adviser Details

Financial Adviser:	
FSA Number:	

Money Laundering

I confirm that I have completed the appropriate verification of identity checks and attach the Verification of Identity Certificate. Either certified copies of the underlying documentary evidence received or a certified note of the reference numbers and other details of the evidence obtained are enclosed with this certificate. I have sighted the original documents and that any requiring a signature were pre-signed.

Financial Adviser Signature: _____

OFFICE USE ONLY	Client ref:		Checked by	
	Deal ref:			

Morgan Stanley Quilter Contact	
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This form allows you to make up to two transfers. Should you require further copies of the mandates below to facilitate additional transfers you may photocopy this form.

I confirm that I wish to transfer a PEP Single Company PEP Maxi ISA Mini ISA (Please tick one only)

Please complete in block capitals

1 Personal Details	
Title : (Mr/Mrs/Miss/Ms/Other)	Telephone
Surname	E-mail Address
First name(s) in full	Do you have a National Insurance (NI) Number? <input type="checkbox"/>
	If 'Yes' you must enter it here:
Date of Birth	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Permanent Residential Address	(You should be able to find your NI Number on a payslip, form P45 or P60, a letter from the DSS, or pension order book) If you have never been issued with a National Insurance Number, please tick here <input type="checkbox"/>
Postcode	Please ensure that you sign the legal declaration in Section 3.

2 Existing ISA / PEP transfer request mandates

First Mandate – Instruction to the Plan Manager from whom you are transferring your PEP/ISA (delete as appropriate)

I hereby instruct you to sell investments within my plan immediately and transfer the cash proceeds, together with any interest, dividends, rights and any other cash within my Plan (less any amount you are entitled to keep under the terms of the Plan), to Morgan Stanley & Co. International Limited, Administration Office, Floor 8, Fountain House, 2 Queens Walk, Reading RG1 7QF. Please transfer my Plan once instructions have been received from Morgan Stanley & Co. International Limited to do so. After transfer, all dividends and tax credits due should be made payable directly to me. If you are not in a position to transfer my cash proceeds by 13 January 2004, please cancel my request to transfer and reinstate my PEP/ISA.

Title (Mr/Mrs/Miss/Ms/Other)	
First name(s) in full	
Surname	
Address	
	Postcode
Telephone	
Signature	Date

Second Mandate – Instruction to the Plan Manager from whom you are transferring your PEP/ISA (delete as appropriate)

I hereby instruct you to sell investments within my plan immediately and transfer the cash proceeds, together with any interest, dividends, rights and any other cash within my Plan (less any amount you are entitled to keep under the terms of the Plan), to Morgan Stanley & Co. International Limited, Administration Office, Floor 8, Fountain House, 2 Queens Walk, Reading RG1 7QF. Please transfer my Plan once instructions have been received from Morgan Stanley & Co. International Limited to do so. After transfer, all dividends and tax credits due should be made payable directly to me. If you are not in a position to transfer my cash proceeds by 13 January 2004, please cancel my request to transfer and reinstate my PEP/ISA.

Title (Mr/Mrs/Miss/Ms/Other)	
First name(s) in full	
Surname	
Address	
	Postcode
Telephone	
Signature	Date

This completed application, cheque and the Verification of Identity Certificate should be returned to Morgan Stanley & Co. International Limited, Administration Office, FTSE Protected Growth Plan 3, Floor 8, Fountain House, 2 Queen's Walk, Reading, RG1 7QF

