

Morgan Stanley FTSE™ Protected Growth Plan 3

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 below.

Key Dates

Launch Date:	November 3rd 2003
PEP / ISA Transfers Deadline:	December 8th 2003
Closing Date:	December 22nd 2003

Key Terms

Investment Term:	6 Years
Underlying:	FTSE™ 100 Index ("the Index")
Returns at Maturity:	Provided the Early Exit Feature is not triggered, the investment growth at maturity will equal an investor's 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.
Early Exit Feature:	<p>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 investors will be able to elect to receive an amount equal to 125% of their Initial Investment and exit from the Plan or elect to continue with the Plan on terms that will be offered at the time. Any early exit payment will be made no later than 30th January 2007.</p> <p>If the Early Exit Index Level is less than 25% higher than the Initial Index Level, the Plan will continue to maturity.</p>
Initial Index Level:	The official closing level of the Index on January 16th 2004.
Final Index Level:	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 Index Level:	The Early Exit Index Level is the official closing level of the FTSE™ 100 Index on the 16th January 2007.

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General Information

Commission:	3.5%
Plan Manager:	Morgan Stanley & Co. International Limited
Plan Assets:	Medium Term Notes issued by financial institutions with a Standard & Poor's rating of A+ or better at time of purchase
Minimum Investment:	£3,000
Maximum Investment:	£5,000,000
Maximum Deal Size:	£25,000,000
Investments:	Open for ISA / PEPs, pension plans including SIPPs and SSASs as well as direct investments

Key Benefits

A simple structure that is easy to understand.
 Designed to provide a full return of capital at maturity.
 Early Exit Feature that provides investors with potential for a maximum 25% return on their initial investment at the end of 3 years and no further exposure to the FTSE™ 100 Index.
 Payoff at maturity of 1 times the growth of the Index from the Initial Index Level to the Final Index Level in the event that the Early Exit Feature is not triggered.
 Interest at base rate less 0.5% on subscription amounts from investment date until the Plan start date.

Key Risks

In order to generate plan returns, the Plan Manager will invest in assets issued by one or more financial institutions rated A+ or better by Standard and Poor's. Investors will have credit risk to these financial institutions.
 The Plan is intended as a medium term investment. Plan returns only apply if the investment is held until maturity or the Early Exit Feature is triggered.
 If the Early Exit Feature is triggered and investors elect to exit from the plan, investors will only be able to receive a maximum 125% of their initial investment, irrespective of the prevailing index level.
 If investors seek to realise their investment before maturity, they may receive less than their initial investment.

Further Information

You can obtain further information on the Morgan Stanley FTSE™ Protected Growth Plan 3 from one of the following. Literature will be available by the Launch Date.

- 1. Internet:** Log on to our IFA web-site at www.morganstanley.com/drma where you can download pdf's and / or order literature for the Plan
- 2. Phone:** Call our fulfillment house on **01403 264 265** to order hard copies of Plan literature.
- 2. Fax:** Fill out the fax-back form below and fax it to us on **01403 259 128**

Name:	Telephone:
Email:	Company name:
Address:	Post code:
	No. of IFA packs to order:

For additional information on how Morgan Stanley can assist you going forward please contact us:

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