

Plan Overview

The "Plan" is a three year investment which is designed to provide investors with a high level of income over the three year term of the product. The Plan also provides investors with a predetermined methodology for calculating the return on their initial capital, dependent on the performance of the FTSE™ 100 Index.

Key Dates

Launch Date:	15th September 2003
PEP/ISA Transfers Deadline:	17th October 2003
Closing Date:	31st October 2003

Key Terms

Investment Term:	3 Years
Underlying:	FTSE™ 100 Index ("the Index")
Coupon:	6.50%, paid annually in arrears
Return of Capital at maturity:	Full return of initial capital, unless the Index falls by 30% or more below the Initial Index Level at any time on any Index Valuation Date. At such time, the maximum capital returned to the investor will be 90%, and their capital will be reduced by an additional 1% for each 1% that the Final Index Level is below the Initial Index Level. They could, therefore, lose all of their capital
Initial Index Level:	The official closing level of the FTSE™ 100 Index on 18th November 2003
Final Index Level:	The official closing level of the FTSE™ 100 Index on 18th November 2006

General Information

Commission:	3%
Plan Manager:	Morgan Stanley & Co. International Limited ("MSIL")
Plan Assets:	Preference Shares, issued by a Guernsey investment company, which are listed on the Irish Stock Exchange
Minimum Investment:	£3,000
Maximum Investment:	£1,000,000
Maximum Deal Size:	£25,000,000
Investments:	Open for ISA/PEPs, pension plans including SIPPs and SSASs as well as direct investments

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Morgan Stanley FTSE™ Income Plan

Key Benefits

- An enhanced level of annual income over the life of the Plan
- Short product life of three years
- Tax free returns for ISA/PEP investments
- Income returns are subject to tax at the rates of 10% for basic rate taxpayers and 32.5% for higher rate taxpayers
- Investors receive interest at Base Rate less 0.50% on subscription amounts from investment date until Plan start date

Key Risks

- The investment company will use the net proceeds to invest in assets issued by, and in contracts entered into with MSIL and/or, 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. If investors seek to realise their investment before maturity, they may receive less than their initial investment
- If the Index falls by 30% or more below the Initial Index Level at any time during the life of the Plan, investors will lose 10% of their initial investment. Their capital will be reduced by an additional 1% for each 1% that the Final Index Level is below the Initial Index Level. **They could, therefore, lose all of their capital**
- The Plan would be considered to be a "High Interest Product" by the FSA – see below

Further Information

You can obtain further information on the Morgan Stanley FTSE™ Income Plan from one of the following. Literature will be available on or about 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.
- 3. Fax:** Fill out the fax-back form below and fax it to us on **01403 248 808**

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:

Ben Walker

020 7425 9000

Richard Jackson-Proes

020 7425 9000

The Morgan Stanley FTSE™ Income Plan would be considered to be a "High Income Product" by the FSA. High income products can help investors improve the amount of income they get from their capital but you need to feel comfortable with the risks to capital involved. A copy of the FSA's factsheet on High Income Products can be obtained at www.fas.gov.uk/pubs/public/high_products.pdf