

# Morgan Stanley

## The Morgan Stanley FTSE™ 100 Simple Growth Plan

**Investor Pack**



# The Morgan Stanley FTSE™ 100 Simple Growth Plan

## Introduction

The current investment environment makes it difficult for risk averse investors to find an investment that offers both a good degree of security and the potential for attractive growth rates. The FTSE™ Simple Growth Plan (the “Plan”) has been designed with these considerations in mind. 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.

## Plan Key Features

- Return of initial investment, plus 0.9 times the growth of the FTSE™ 100 Index, if any, subject to Risk Factors.
- Plan managed by Morgan Stanley & Co. International Limited (“MSIL”), authorised and regulated by the Financial Services Authority.
- Five and a half year investment term. If you sell your investment before its maturity date you may get back less than your initial investment.
- High degree of capital protection.
- The Plan invests in Preference Shares issued by a Guernsey investment Company, which are listed on the Irish Stock Exchange. 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 & Poor’s or the equivalent rating by Moody’s Investor Services Limited. These assets and contracts will provide the returns for the Plan. In the event of these financial institutions going into liquidation or failing to comply with the terms of the bonds or contracts, you may lose money and get back less than you invested. It is not a guaranteed investment.
- Pre-investment interest paid at 0.5% below base rates.
- Open for ISA/PEP and Direct Investment, including SIPPs and SSASs.
- Investment gains subject to Capital Gains Tax for Direct Investors.
- PEP/ISA transfers deadline is 17 October 2003.
- Direct investment (including SIPP/SSAS) deadline is 31 October 2003.

## Plan Overview

The Plan is a five and a half 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 five and a half year term of the product.

## Plan Returns

### Initial Investment

Your money will be invested in Preference Shares issued by a Guernsey investment company, which are listed on the Irish Stock Exchange. 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 & Poor's or the equivalent rating by Moody's Investor Services Limited.

The Preference Shares will be purchased by the Plan Manager on 18 November 2003 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

The Plan Returns will be equal to the Capital Return at maturity **plus** the Growth Return, subject to the Product Risks and Risk Factors.

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

## 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 page 4 for a more detailed description of how Plan protection is provided.

## Growth Return

### Returns at Maturity

Your investment growth at maturity will equal your Initial Investment multiplied by 0.9 times the percentage growth in the FTSE™ 100 Index over the five and a half 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 18th November 2003.

The Final Index Level is the arithmetic average of the twelve monthly closing levels of the FTSE™ 100 Index from June 2008 to May 2009 (12 observations in total).

Please see the Product Risks on page 4 for a more detailed description of how Plan Returns are 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)	Plan Return
-60%	£10,000
-40%	£10,000
-20%	£10,000
0%	£10,000
+20%	£11,800
+40%	£13,600
+60%	£15,400

## Product Risks

- Your money is invested in Preference Shares issued by a Guernsey investment company, which are listed on the Irish Stock Exchange. 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 & Poor's or the equivalent rating by Moody's Investor Services Limited. These assets and contracts will provide the capital protection and return for your investment. In the event of these financial institutions going into liquidation or failing to comply with the terms of the bonds or contracts, you may lose money and get back less than you invested. It is not a guaranteed investment.
- The product has a maturity of five and a half 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 in the secondary market for the Preference Shares will be provided. This means that it may not always be possible to sell the Preference Shares at certain times and that the price achieved may be less than the original 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.
- 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 Risk Factors, see page 6 of the **Key Features** section of this brochure.

## The Morgan Stanley FTSE™ Simple Growth Plan

### 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. 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 applications.

The current taxation of direct investments has a number of beneficial features:

Growth investors can use their annual Capital Gains Tax allowance to reduce tax on any investment gains at maturity. The Capital Gains Tax allowance is £7,900 per person for the tax year 2003/2004. Investments should also benefit from 15% taper relief at maturity.

\* **Please note:** The taxation treatment of Investors is dependent on their individual circumstances and may be subject to changes in tax regulations. Potential Investors are advised to consult their professional advisers regarding the taxation consequences of investing in the Plan. The published rates of taxation are correct at the time of publication. Levels of, and relief from, taxation are subject to change.

## 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™ Simple Growth Plan Client A/C'. If your cheque is from a building society, it should reference your name. (For example 'Morgan Stanley FTSE™ Simple Growth Plan 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, Simple 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	15th September 2003 to 17th October 2003
ISAs, Direct Investments	15th September 2003 to 31st October 2003

### FTSE 100 Index Observation Dates

Initial Index Level	The official closing level of the FTSE™ 100 Index on 18th November 2003.
Final Index Level	The arithmetic average of the official closing levels of the FTSE™ 100 Index on the 18th of each month from June 2008 to May 2009 (12 observations in total).

### Plan Payments

Maturity Payment Date	02 June 2009
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## Key Features of the Morgan Stanley FTSE™ Simple Growth Plan

### 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 17th October 2003.

### Objectives

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

- To provide an opportunity to participate in returns linked to the FTSE™ 100 Index over a five and a half year period.
- To provide a full return of an investors initial investment at maturity of the Plan.

Your money is invested in Preference Shares issued by a Guernsey investment company, which are listed on the Irish Stock Exchange. Morgan Stanley & Co. International Limited ("the Account Manager"), a subsidiary of Morgan Stanley and regulated by the FSA, will be the Sponsor and Investment Manager for the issue of the Preference Shares. 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 & Poor's or the equivalent rating by Moody's Investor Services Limited. These assets and contracts are designed to provide the capital protection and return for your investment and should generate the growth payments scheduled to be paid under the Plan. You should note that, in the event of these financial institutions going into liquidation or failing to comply with the terms of the bonds or contracts, you may lose money and get back less than you invested. It is not a guaranteed investment.

### 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 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 Maxi ISA. PEP or ISA transfers are subject to a minimum investment amount of £3,000.

### Risk Factors

- The Plan has a maturity of five and a half 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 Preference Shares will

be provided in the secondary market. This means that it may not always be possible to sell the Preference Shares at certain times and that the price achieved may be less than the original investment.

- The returns under the Plan depend on the Investment Company which is issuing the Preference Shares entering into transactions with and/or acquiring securities issued by a number of Approved Financial Institutions ("AFIs"). Each AFI will, at the time the Investment Company enters into such transaction or acquires such security, have a rating of at least A by Standard & Poor's or the equivalent rating by Moody's Investor Services Limited. If, on or prior to the Plan maturity date, an AFI becomes insolvent and/or fails to comply with the terms of such transactions and/or securities, the Investment Company may not receive all or any of the expected payments (income or capital) from that investment. In these circumstances you may receive less than the amount you invest in the Plan. This may also be the case if there is a change of law, level or basis of taxation, or any exceptional expenses or liabilities that are incurred by the Investment Company.
- The Investment Company will issue further series of Preference Shares. The Investment Manager has agreed with the Investment Company that it will arrange derivative contracts for the Investment Company to enter into in respect of such further series of Preference Shares only on a limited recourse basis. Morgan Stanley & Co. International Limited, which also acts as sponsor (the "Sponsor") to the Investment Company, has agreed to pay certain of the Investment Company's fees, expenses, and liabilities. If the Sponsor fails for any reason to make such payments, the amounts payable under the Preference Shares, and hence the Plan, could be reduced.
- 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 Preference Shares 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.

## Frequently Asked Questions

### What is the Morgan Stanley FTSE™ Simple Growth Plan?

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 Preference Shares, 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 Preference Shares with features that match the payment objectives of the Plan. The Plan Start Date is 18 November 2003.

### What return can I expect?

Your final return, on 02 June 2009 will be as described in the Brochure on pages 2 and 3, subject to the Risk Factors on page 6. Your final return is expected to be at least equal to your initial investment.

### What is averaging?

Your final growth, if any, will not be calculated based on a single reading of the FTSE™ 100 Index, but on the difference between the arithmetic monthly average level of the index over the final twelve months of the Plan and the level of the index on the Plan Start Date. If the closing level of the of the FTSE™ 100 Index on the Plan Maturity Date were to be higher than the average level over the final twelve 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 02 June 2009 are expected to be equal to your Initial Investment. Please see the Risk Factors on page 6 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 five and a half year term?

Yes. However, should you withdraw at any time during the five and a half 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 Preference Shares 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 five and half year investment period.

### 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 you have invested via the Direct Investment option, growth is subject to Capital Gains Tax. The amount of tax you pay will depend on your individual circumstances. This statement is based on current legislation, regulations and practice, all of which may change.

### **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 17 October 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 Preference Shares. 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, and a copy

of the Prospectus issued by the Guernsey Investment Company in respect of the Preference Shares in which your money will be invested. 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 18 November 2003, 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™.

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# 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"	18 November 2003.
"Investment Company"	Sienna Investment Company Limited
"Investment Manager"	Morgan Stanley & Co. International Limited
"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.
"Preference Shares"	The Series 5 Preference Shares described in the Prospectus to be issued by the Investment Company and which are to be listed on the Irish Stock Exchange.
"Prospectus"	The Principal Memorandum and the Series 5 Supplemental Memorandum, each issued by the Investment Company and together describing important characteristics of the Investment Company and the Terms of the Preference Shares, and on the basis of which any investment in the Plan is required to be made.
"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 Preference Shares has been made, and the value of the Preference Shares has fallen in that time, an amount equivalent to the fall in value of the Preference Shares will be deducted from the amount of your subscription repaid to you.
- If you exercise your right to cancel the purchase of Preference Shares 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 Preference Shares, 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:

- All cash received by us for investment in your Plan will be applied to purchase the Preference Shares. The Preference Shares are structured with the aim of meeting the investment return objectives of the relevant option of Plan.
- Investment will be made on or before the Plan Start Date. The Account Manager will be acting as your agent in arranging, and will be responsible for, all purchases and sales of investments for your Plan.
- As stated in the Prospectus relating to the Preference Shares, the offer of the Preference Shares is conditional upon certain conditions being satisfied or waived. In the event that any of these conditions are not satisfied or waived no Preference Shares will be allotted by the Investment Company and your subscription will be returned to you.
- It is not possible to switch between Plans at any time.
- 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.

- (f) You have a right to inspect copies of contract Preference Shares, 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:

- (a) You will receive payment on 02 June 2009 equal to your Initial Investment plus 0.9 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.
- (b) 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 Capital Gains Tax. This statement is 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:

- (a) Preference Shares 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 Preference Shares are held. Preference Shares cannot be held by you outside of the Plan.
- (b) 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:

- (a) We will acknowledge in writing, where applicable:
- (i) your application to open an ISA;
  - (ii) your request to transfer a PEP or ISA to us; or
  - (iii) your application to open a Direct Investment Plan.
- (b) You will receive an annual statement prepared on the basis of valuations taken on 27 November 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.
- (c) We may produce a consolidated statement covering where applicable:
- (i) all ISAs that are held with us;
  - (ii) an investment statement covering all PEPs held with us;
  - (iii) 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 Preference Shares in which you invest. On request you will be invited to exercise voting rights in respect of Preference Shares held. If you wish to attend Preference Shareholder meetings in person we will seek

to arrange this. We reserve the right to make a reasonable charge for providing these additional services.

- (d) 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:

- (a) 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 five and a half year investment period. As such, if you transfer your ISA or PEP you may not receive a transfer value equal to your initial investment.
- (b) 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 Preference Shares held by you. It is not possible to transfer the Preference Shares within any of the Plans directly into another ISA or PEP.
- (c) 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.
- (d) No partial transfers will be allowed.

#### 12. Termination:

- (a) 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.
- (b) The Plan may be terminated by the Plan Manager 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 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);
  - (ii) on one month's written notice if you fail to pay any money due;
  - (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 (a) above.
- (c) It is anticipated that MSIL will be the only dealer in the Plan Preference Shares.

### 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.

### 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 which will be detailed in correspondence with you. 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 Preference Shares (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 Preference Shares). 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 Preference Shares 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.



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"/>		
Permanent Residential Address			
	Postcode		

(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  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 11 November 2003, please cancel my request to transfer and reinstate my PEP/ISA.

**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 11 November 2003, 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

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 Simple Growth Plan, Floor 8, Fountain House, 2 Queen's Walk, Reading, RG1 7QF

### 3 Declaration & Authority

**I declare that:**

1. All subscriptions made, and to be made, belong to me;
2. I am 18 years of age or over;
3. 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.

**I authorise Morgan Stanley & Co. International Limited:**

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

**I have read and understood the Morgan Stanley FTSE™ Simple Growth Plan 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	

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 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 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:

### Existing ISA/PEP transfer request mandates (continued)

Name of Plan Manager	
Address of Plan Manager	
	Postcode
Account Number	
Type of Account*	Approx.Value
Account Number	
Type of Account*	Approx.Value
Account Number	
Type of Account*	Approx.Value
*Type of account e.g. Maxi ISA/General PEP/Single Company PEP Minimum aggregate transfer value £3,000	

Name of Plan Manager	
Address of Plan Manager	
	Postcode
Account Number	
Type of Account*	Approx.Value
Account Number	
Type of Account*	Approx.Value
Account Number	
Type of Account*	Approx.Value
*Type of account e.g. Maxi ISA/General PEP/Single Company PEP Minimum aggregate transfer value £3,000	

