



Information Memorandum

MORGAN STANLEY

(Issuer of Rule 144A Warrants and Guarantor of Regulation S Warrants and Unitary Warrants)

(incorporated in Delaware, U.S.A.)

and

MSDW ASIA SECURITIES PRODUCTS LLC

(Issuer of Regulation S Warrants and Unitary Warrants)

(incorporated with limited liability in the Cayman Islands)

Guaranteed by

MORGAN STANLEY

Warrant Programme

This Information Memorandum supersedes the Information Memorandum dated March 20, 2003, and any other previous information memorandum in respect of the warrant programme under which MSDW Asia Securities Products LLC issued warrants guaranteed by Morgan Stanley. Any Warrants (as defined below) issued on or after the date of this Information Memorandum are issued subject to the provisions described herein. The publication of this Information Memorandum does not affect any Warrants issued before the date of this Information Memorandum.

Under the terms of this Warrant Programme (the **Programme**), MSDW Asia Securities Products LLC (**MSDWASP** or the **Regulation S Issuer**) may from time to time issue warrants (**Regulation S Warrants**) of any kind including, but not limited to, warrants relating to a specified index or a basket of indices (together **Index Warrants**) or a specified share or a basket of shares (together **Share Warrants**). MSDWASP's obligations as issuer of the Regulation S Warrants and the Unitary Warrants (as defined below) under each series of Warrants will be guaranteed by Morgan Stanley (in such role, the **Guarantor**) under the master guarantee dated November 27, 2003 (the **Master Guarantee**). Each series of Regulation S Warrants will be issued on the terms set out herein which are relevant to such Warrants under "Terms and Conditions of the Regulation S Warrants" (the **Regulation S Warrant Conditions**) and on such additional terms as may be set out in a pricing supplement (a **Regulation S Warrant Pricing Supplement**). In addition, under the terms of this Programme, Morgan Stanley (in such role, the **Rule 144A Issuer**) may from time to time issue warrants (**Rule 144A Warrants**) that are Share Warrants. Each series of Rule 144A Warrants will be issued on the terms set out herein which are relevant to such Warrants under "Terms and Conditions of the Rule 144A Warrants" (the **Rule 144A Warrant Conditions**) and on such additional terms as may be set out in a pricing supplement (a **Rule 144A Warrant Pricing Supplement**). In addition, under the terms of this Programme, MSDWASP (in such role, the **Unitary Warrant Issuer**, together with the Rule 144A Issuer, the **Issuers**, and each an **Issuer**) may from time to time issue warrants (**Unitary Warrants**, together with the Regulation S Warrants and the Rule 144A Warrants, the **Warrants**, and each a **Warrant**) that are Share Warrants. Each series of Unitary Warrants will be issued on the terms set out herein which are relevant to such Warrants under "Terms and Conditions of the Unitary Warrants" (the **Unitary Warrant Conditions**, together with the Regulation S Warrant Conditions and the Rule 144A Warrant Conditions, the **Conditions**) and on such additional terms as may be set out in a pricing supplement (a **Unitary Warrant Pricing Supplement**, together with the Regulation S Warrant Pricing Supplement and the Rule 144A Warrant Pricing Supplement, the **Pricing Supplements** and each a **Pricing Supplement**).

The Regulation S Issuer has a right of substitution as set out in Condition 14 of the Regulation S Warrant Conditions.

Pro forma descriptions of the Regulation S Warrant Pricing Supplement, the Rule 144A Warrant Pricing Supplement and the Unitary Warrant Pricing Supplement are set out herein on pages 19 to 24, 58 to 67 and 93 to 103, respectively. A Pricing Supplement for an issue of Warrants will specify, inter alia, the specific designation of the Warrants, the aggregate number and type of the Warrants, the date of issue of the Warrants, the issue price, the strike price, the underlying asset to which the Warrants relates, the exercise period or exercise date and certain other terms relating to the offering and sale of the Warrants. The applicable Pricing Supplement supplements the relevant Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, supplement, replace or modify the relevant Conditions. The Pricing Supplement relating to a series of Warrants will be attached to, or endorsed upon, the Global Warrant (as defined below) representing such Warrants.

The Regulation S Warrants and the Master Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state in the United States. The Regulation S Warrants and the Master Guarantee may not be offered, sold or delivered at any time, directly or indirectly, within the United States nor to, nor for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act (**Regulation S**)) nor may any U.S. persons at any time trade or maintain a position in the Regulation S Warrants. The Regulation S Warrants may only be offered and sold to non-U.S. persons in offshore transactions as defined in, and in reliance on, Regulation S. See "Notice to Purchasers and Holders of Warrants and Selling Restrictions" and "Offering and Sale".

The Rule 144A Warrants and the Unitary Warrants have not been, and will not be, registered under the Securities Act, or the securities laws of any state in the United States. The Rule 144A Issuer may offer, sell or deliver Rule 144A Warrants to, or for the account or benefit of, U.S. persons that are qualified institutional buyers (each a **QIB**) as defined in Rule 144A under the Securities Act (**Rule 144A**) purchasing for their own account or for the account or benefit of QIBs. The Unitary Warrant Issuer may offer, sell or deliver Unitary Warrants (a) to, or for the account or benefit of, U.S. persons that are QIBs and are also qualified purchasers (each a **QP**) within the meaning of Section 3(c)(7) and as defined in Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the **1940 Act**) purchasing for their own account or for the account or benefit of QIBs who are also QPs or (b) outside the United States to a purchaser that is not a U.S. person in an offshore transaction in compliance with Regulation S. Each purchaser of Rule 144A Warrants or Unitary Warrants being offered to, or for the account or benefit of a U.S. person is hereby notified that the offer and sale of such Rule 144A Warrants and Unitary Warrants is being made in reliance upon an exemption from the registration requirements of the Securities Act. The Rule 144A Warrants may be resold only to U.S. persons who are QIBs in compliance with Rule 144A or to the Rule 144A Issuer or its affiliates. Purchasers of the Unitary Warrants must make certain written representations regarding subsequent transfers of the Unitary Warrants in the form enclosed herein. See "Notice to Purchasers and Holders of Warrants and Selling Restrictions" and "Offering and Sale".

Exercise of the Regulation S Warrants will be conditional upon certification that neither the holder of a Warrant nor its beneficial owner is a U.S. person or is located in the United States. See "Regulation S Warrant Conditions".

Furthermore, neither the sale of nor trading in warrants which relate to currencies, commodity prices, indices or interest rates has been approved by the United States Commodities Futures Trading Commission under the United States Commodity Exchange Act, as amended. Regulation S Warrants related to currencies, commodity prices, indices or interest rates may only be offered, sold or delivered at any time, directly or indirectly, outside the United States or to, or for the account or benefit of, non-U.S. persons, and U.S. persons may not trade or maintain a position in such Regulation S Warrants.

The Terms and Conditions of the Rule 144A Warrants and the Unitary Warrants are in respect of Share Warrants that are cash settled. The terms and conditions in respect of other types of Rule 144A Warrants or Unitary Warrants will be set out in the applicable Rule 144A Warrant Pricing Supplement or Unitary Warrant Pricing Supplement.

Each series of Warrants will entitle the holder thereof (on due exercise and subject to certification, where appropriate) to receive a cash amount (if any) calculated in accordance with the relevant terms or, in the case of Regulation S Warrants, to receive physical delivery of the underlying assets against payment of a specified sum, all as set forth herein and in the applicable Pricing Supplement.

Application may be made for any series of Regulation S Warrants to be issued under the Programme to be listed on either the Luxembourg Stock Exchange, the Cayman Islands Stock Exchange and/or any other stock exchange(s) and for any series of Rule 144A Warrants or Unitary Warrants to be issued under the Programme to be listed on either the Luxembourg Stock Exchange and/or any other stock exchange(s) within 12 months of the date hereof. The applicable Pricing Supplement will specify whether or not the Warrants are to be listed on the Luxembourg Stock Exchange, the Cayman Islands Stock Exchange and/or any other stock exchange(s). The Regulation S Issuer may also issue unlisted Regulation S Warrants.

Each series of the Regulation S Warrants will be represented by a global warrant (a **Regulation S Global Warrant**). Each series of the Rule 144A Warrants will be represented by a global warrant (a **Rule 144A Global Warrant**). Each series of the Unitary Warrants will be represented by a global warrant (a **Unitary Warrant Global Warrant**, together with the Regulation S Global Warrants and the Rule 144A Global Warrants, the **Global Warrants** and each a **Global Warrant**). The Global Warrants will be issued and deposited with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), or with a common depositary for any additional or alternative clearing system which is specified in the applicable Pricing Supplement, on the date of issue of the relevant Warrants. Except as specified herein and in the applicable Pricing Supplement, definitive Warrants will not be issued.

Rule 144A Warrants and Unitary Warrants sold in the United States or to, or for the account or benefit of, U.S. persons will, unless otherwise specified in the applicable Rule 144A Pricing Supplement or Unitary Warrant Pricing Supplement, be sold through Morgan Stanley & Co. Incorporated, a broker dealer registered under the Securities Exchange Act of 1934, as amended (the **Securities Exchange Act**).

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant series of Warrants and the extent of their exposure to risks and should consider the suitability of the relevant series of Warrants as an investment in light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of expiring worthless. Potential investors should be prepared to sustain a total loss of the purchase price of their Warrants. See "Risk Factors Relating to the Warrants".

MORGAN STANLEY & CO. INTERNATIONAL LIMITED

(as Manager)

Dated November 27, 2003

This Information Memorandum includes information given in compliance with the listing rules of the Luxembourg Stock Exchange and the listing rules of the Cayman Islands Stock Exchange. Subject as set out herein, each of the Issuers accepts full responsibility for the accuracy of the information contained in this Information Memorandum in relation to itself and the Warrants and the Guarantor accepts full responsibility for the accuracy of the information contained in this Information Memorandum in relation to itself. To the best of the knowledge and belief of MSDWASP and the Guarantor (in relation to issues of Regulation S Warrants and Unitary Warrants) and the Rule 144A Issuer (in relation to issues of Rule 144A Warrants) (each of which has made reasonable enquiry), there are no facts the omission of which would make any statement within this Information Memorandum, as at the date hereof, misleading.

A Pricing Supplement will (if applicable) specify the nature of the responsibility taken by the relevant Issuer and the Guarantor, if applicable, for the information contained in such Pricing Supplement relating to the underlying assets to which the relevant series of Warrants relate. However, unless otherwise expressly stated in the applicable Pricing Supplement, any information contained therein relating to the underlying assets to which the Warrants relate will only consist of extracts from or summaries of information that are publicly available. Unless otherwise expressly stated in the applicable Pricing Supplement, the relevant Issuer and the Guarantor, if applicable, accept responsibility for accurately reproducing and/or summarising such extracts or summaries (insofar as it is applicable) but do not accept any further or other responsibility in respect of such information.

The Luxembourg Stock Exchange and the Cayman Islands Stock Exchange take no responsibility for the contents of this Information Memorandum, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon any part of this Information Memorandum.

No person is authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum, the applicable Pricing Supplement or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the relevant Issuer, the Guarantor, if applicable, any manager of an issue of Warrants (as applicable to such series of Warrants, the **Manager** and, if more than one, the **Managers**, and each a Manager, the first Manager being Morgan Stanley & Co. International Limited (**MSIL**)) or the Calculation Agent (if any) (as described in the applicable Pricing Supplement). The Manager(s), if any, in relation to an issue of Warrants will be specified in the applicable Pricing Supplement.

This Information Memorandum does not constitute an offer of, or invitation by or on behalf of, the Issuers, the Guarantor or any Manager to subscribe for or purchase any Warrants. The distribution of this Information Memorandum and the offering of Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuers and the Guarantor and any Manager to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Warrants and on the distribution of this Information Memorandum, see "Offering and Sale" beginning on page 157.

This Information Memorandum is to be read and construed in conjunction with any amendment or supplement hereto, with any applicable Pricing Supplement and with all documents which are deemed to be incorporated herein by reference from time to time (see "Documents Incorporated by Reference" on page 8).

The Warrants create options exercisable by the relevant holder. There is no obligation upon any holder to exercise such Warrant nor, in the absence of such exercise, any obligation upon the relevant Issuer to pay any amount to any holder of a Warrant (unless a Warrant is subject to automatic exercise and is in-the-money from the point of view of the holder of such Warrant upon

expiry). The Warrants will be exercised or exercisable in the manner set forth herein and in the applicable Pricing Supplement. Upon exercise, in order to receive payment of any amount due under a Regulation S Warrant, or in the case of Regulation S Warrants that are Physical Delivery Warrants (as defined in Condition 19 of the Regulation S Warrant Conditions) the delivery of an underlying asset, the holder of a Regulation S Warrant will be required to certify (in accordance with the provisions outlined in "Notice to Purchasers and Holders of Warrants and Selling Restrictions" below) that it is located outside the United States and not a U.S. person. Upon transfer or exchange of a Regulation S Warrant, the holder of a Regulation S Warrant will be deemed to acknowledge, represent and agree that the transfer or exchange, as the case may be, is being made to a person located outside the United States and not a U.S. person who acquired the right to such transfer or exchange in a transaction exempt from the registration requirements of the Securities Act. Upon transfer or exchange of a Rule 144A Warrant, the holder of a Rule 144A Warrant will be deemed to acknowledge, represent and agree that the transfer or exchange, as the case may be, is being made to a person whom the transferor (or, with respect to an exchange, the holder) of a Rule 144A Warrant reasonably believes is a QIB. Upon transfer of a Unitary Warrant, the holder of a Unitary Warrant will acknowledge or be deemed to acknowledge, represent and agree that the transfer or exchange, as the case may be, is being made (a) to a person whom the transferor (or with respect to an exchange, the holder) of a Unitary Warrant reasonably believes is a QIB and a QP or (b) a non-U.S. person outside the United States. Under the Master Subscription Agreement between the Issuers and MSIL dated November 27, 2003 (the **Master Subscription Agreement**) it is envisaged that MSIL will act as Manager for issues of Regulation S Warrants but Regulation S Warrants may be issued without a Manager, to MSIL as the sole Manager or to MSIL and another Manager or Managers on a syndicated basis. Also, in certain circumstances, another company which is a subsidiary or parent of the Regulation S Issuer or any subsidiary of any such parent may be substituted as the principal obligor under the Regulation S Warrants. See Condition 14 of the Regulation S Warrant Conditions. MSIL shall act as Manager of the underwritten offerings of Rule 144A Warrants and Unitary Warrants, pursuant to the Master Subscription Agreement.

The Issuers, the Guarantor, or any Manager or any affiliates of any of them may hold, retain, buy or sell Shares (as defined in Condition 18 of the Regulation S Warrant Conditions and Condition 16 of the Rule 144A Warrant Conditions and Unitary Warrant Conditions, respectively) and may hold, retain, buy or sell the Warrants of each series and/or enter into transactions relating thereto or derived therefrom, from time to time, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine as part of its business and/or any hedging transactions in connection with the arrangements described in this document or otherwise. There is no obligation upon the relevant Issuer or any Manager to sell all of the Warrants of any series. The Warrants of any series may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the relevant Issuer and/or the Manager(s), as the case may be. In addition, each Issuer or the Guarantor or any Manager or any affiliate of any of them may enter into arrangements with the Share Companies and/or the Basket Companies (as defined in Condition 18 of the Regulation S Warrant Conditions and Condition 16 of the Rule 144A Warrant Conditions and Unitary Warrant Conditions, as the case may be) the effect or consequence of which may be to affect the price of the Shares and/or the Warrants or which otherwise may have an effect on the Shares, the Share Companies, the Basket Companies and/or the Warrants.

No Manager has separately verified the information contained herein or in any applicable Pricing Supplement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of the information contained in this Information Memorandum or in any applicable Pricing Supplement or any other information provided by the relevant Issuer or the Guarantor. Except as specified by such

Manager, no Manager accepts any liability in relation to the information contained in this Information Memorandum or in any applicable Pricing Supplement or any other information provided by the relevant Issuer and/or the Guarantor in connection with the Programme or any applicable Pricing Supplement.

Neither this Information Memorandum nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the relevant Issuer, the Guarantor or any Manager that any recipient of this Information Memorandum (or any other information supplied in connection with the Programme) should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor, as applicable. Investors should review, inter alia, the most recently published Annual Report of the Rule 144A Issuer or the Guarantor, as applicable, and the other documents relating to the Regulation S Issuer, the Rule 144A Issuer or the Guarantor, as applicable, referred to herein under "Documents Incorporated by Reference" when deciding whether or not to purchase any Warrants. Neither this Information Memorandum nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of the relevant Issuer, the Guarantor and/or any Manager or any other person to subscribe for or to purchase any Warrants.

The delivery of this Information Memorandum does not at any time imply that the information contained herein concerning the relevant Issuer and/or the Guarantor is correct at any time subsequent to the date hereof (save for information contained in the documents incorporated by reference, but in that case only as at the date of that information expressed therein) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. No Manager undertakes to review the financial condition or affairs of the relevant Issuer and/or the Guarantor during the life of the Programme.

In connection with any issue of Warrants or otherwise, the relevant Issuer and/or Guarantor and/or any of their respective subsidiaries may acquire and/or maintain positions in the underlying assets relating to such Warrants but neither of the Issuers nor the Guarantor nor any of their respective affiliates will have any obligation to acquire or maintain any such positions.

The Issuers and the Guarantor have not investigated, and do not have access to information that would permit them to ascertain, whether any company that has issued equity, debt or other instruments to which any Warrants relate is a passive foreign investment company for U.S. tax purposes. Prospective investors in any Warrants that are U.S. taxpayers should consult their own advisers concerning U.S. tax considerations relevant to an investment in such Warrants.

This Information Memorandum has been prepared by the Issuers solely for use in connection with the offering of the Warrants. The Issuers and the Managers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all the Warrants. This Information Memorandum is personal to each offeree who received it from a Manager and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Warrants. Distribution of this Information Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree in connection with its purchase of the Warrants is unauthorized, and any disclosure of any of its contents, without the prior written consent of the relevant Issuer is prohibited. Each offeree, by accepting delivery of this Information Memorandum, agrees to the foregoing and to make no photocopies of this Information Memorandum, and, if the offeree does not purchase the Warrants or the placement is terminated for any reason, to return this Information Memorandum to Morgan Stanley & Co International Limited, 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. Copies of the documents referred to herein may be obtained by writing to the above address or calling (44) 020 7425 8000.

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, the offeree (and each employee, representative, or other agent of the offeree) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering and all materials of any kind (including opinions and other tax analyses) that are provided to the offeree relating to such tax treatment and tax structure. For this purpose, "tax structure" means any facts relevant to the U.S. federal income tax treatment of the offering but does not include information relating to the identity of the Issuers.

The United States Securities and Exchange Commission (the **Commission**) and state securities regulators have not approved or disapproved these securities, or determined if this Information Memorandum is truthful or complete. Any representation to the contrary is a criminal offence.

The Warrants are subject to restrictions on transferability and resale. Warrantholders may not transfer or resell the Warrants except as permitted under the transfer restrictions described in this Information Memorandum and under the Securities Act and applicable state securities laws. Warrantholders may be required to bear the financial risks of an investment in these securities for an indefinite period of time.

In this Information Memorandum, references to U.S. Dollars, U.S.\$, \$, Dollars and cents are to the lawful currency of the United States of America.

Notice to New Hampshire Residents

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits of qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

TABLE OF CONTENTS

	Page
Available Information	7
Documents Incorporated by Reference	8
Risk Factors Relating to the Warrants	9
Form of Regulation S Warrant Pricing Supplement	19
Terms and Conditions of the Regulation S Warrants	25
Form of Rule 144A Warrant Pricing Supplement	58
Terms and Conditions of the Rule 144A Warrants	68
Form of Unitary Warrant Pricing Supplement	93
Terms and Conditions of the Unitary Warrants	104
Use of Proceeds	129
Form of Master Guarantee	130
Information on the Regulation S and the Unitary Warrant Issuer	134
Information on the Rule 144A Issuer/Guarantor	136
United States Taxation for Rule 144A Warrants and Unitary Warrants	142
Cayman Islands Taxation	145
ERISA Considerations for Rule 144A Warrants and Unitary Warrants	146
Notice to Purchasers and Holders of Warrants and Selling Restrictions	148
Book-Entry Clearance Systems	156
Offering and Sale	157
General Information	160

AVAILABLE INFORMATION

Morgan Stanley (as Guarantor and Rule 144A Issuer) is subject to the informational requirements of the Securities Exchange Act and, in accordance therewith, files reports and other information with the Commission. Such reports and other information concerning Morgan Stanley can be inspected and copied at the public reference facilities maintained by the Commission in the Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, or at its regional offices in New York, New York and Chicago, Illinois. Copies of such material can be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains a Web site that contains reports, proxy and information statements and other materials that are filed through the Commission's Electronic Data Gathering Analysis and Retrieval System, EDGAR. The Web site can be accessed at <http://www.sec.gov>. In addition, similar information concerning Morgan Stanley can be inspected at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) any supplements to this Information Memorandum circulated by the relevant Issuer from time to time;
- (b)
 - (i) the most recent Annual Report of Morgan Stanley (as Guarantor and Rule 144A Issuer) on Form 10-K (**the Annual Report**);
 - (ii) any Quarterly Reports of Morgan Stanley (as Guarantor and Rule 144A Issuer) on Form 10-Q filed with the Commission since the date of the most recent Annual Report;
 - (iii) any Current Reports of Morgan Stanley (as Guarantor and Rule 144A Issuer) on Form 8-K filed with the Commission since the date of the most recent Annual Report; and
 - (iv) such reports and subsequent reports of Morgan Stanley (as Guarantor and Rule 144A Issuer) filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act on or prior to the completion of the distribution of the Warrants under the Programme.

Any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein (or in a supplement hereto) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). As used in this document and unless otherwise provided in this document, the terms “Information Memorandum” and “herein” mean this Information Memorandum, including the documents incorporated or deemed to be incorporated herein by reference, as the same may be amended, supplemented or otherwise modified from time to time. Statements contained in this Information Memorandum as to the contents of any contract or other document referred to herein do not purport to be complete, and, where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document.

The Issuers will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents (excluding exhibits) deemed to be incorporated herein by reference (save that a Pricing Supplement relating to an unlisted Warrant will only be available for inspection by a holder of such Warrant and such holder must produce evidence satisfactory to the applicable Issuer as to the identity of the holder) unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to Morgan Stanley Dean Witter Asia Limited (the **Principal Warrant Agent**) at its office set out at the end of this Information Memorandum. In addition, such documents (relating to listed Rule 144A Warrants and listed Unitary Warrants) will be available free of charge from the principal office in Luxembourg of Dexia Banque Internationale à Luxembourg (the **Luxembourg Listing Agent**) at its office set out at the end of this Information Memorandum.

RISK FACTORS RELATING TO THE WARRANTS

Words and expressions defined in the applicable Conditions shall, save where the context otherwise requires, have the same meaning when used in this section.

Prior to making an investment decision, prospective investors should carefully consider, along with the other matters set out in this Information Memorandum, the following investment considerations. Structured securities such as the Warrants are sophisticated instruments, can involve a high degree of risk and are intended for sale only to those investors capable of understanding the risks entailed in such instruments. If in doubt potential investors are strongly recommended to consult with their financial advisers before making any investment decision.

RISK FACTORS RELATING TO THE WARRANTS

General

The purchase of the Warrants involves certain risks. This Information Memorandum is issued with the intention that it will be read, and the Warrants will be purchased, only by corporations, partnerships and other entities or individuals having such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Warrants, who are experienced in investing in derivative instruments and who are familiar with secondary market trading in instruments such as the Warrants. Investors should conduct such independent investigation and analysis regarding the Warrants and the other assets on which the obligations of the relevant Issuer (and in the case of Regulation S Warrants, the Guarantor), to which the value of the Warrants relate as they deem appropriate.

Risk of Loss of Investments

Prospective purchasers of Warrants are warned that the price of the Warrants may fall in value as rapidly as it may rise. Prospective purchasers should recognise that their Warrants may expire worthless and, therefore, prospective purchasers should be prepared to sustain a total loss of the purchase price of their Warrants.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his/her investment, a purchaser of a Warrant must generally have correctly anticipated the direction, timing and magnitude of an anticipated change in the value of the relevant assets underlying the Warrant which may be specified in the applicable Pricing Supplement.

In the case of Regulation S Warrants, fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Warrants. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the special considerations set out in this document before they invest in the Warrants.

Value of Assets Underlying a Warrant

The price and/or value of the assets underlying a Warrant may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of, or obligor in respect of such assets is incorporated or has its principal place of business or of the country in the currency of which the assets underlying a Warrant is denominated. The price of the assets underlying a Warrant may be subject to sudden fluctuations and declines.

Illiquid Market

The Warrants may be very illiquid and no secondary market may develop in respect of the Warrants. Even if there is a secondary market for the Warrants, it is not likely to provide significant liquidity.

If the Warrants are not listed or traded on any exchange, pricing information for the Warrants may be more difficult to obtain and the liquidity of the Warrants may be adversely affected. To the extent Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

Each Issuer and any Manager may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation. A Manager may, but is not obliged to, be a market-maker for an issue of Warrants. Even if a Manager is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants (in the case of American Style Warrants) or hold the Warrants until they are automatically exercised on the Exercise Date (in the case of in-the-money European Style Warrants) to realise value.

Foreign Exchange Risk and Foreign Exchange Controls

An investment in Warrants denominated or payable in, or the payment of which is linked to the value of, currencies other than the investor's home currency entails significant risks. These risks include the possibility of significant changes in rates of exchange between its home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities. These risks generally depend on economic and political events over which the investor, the Issuers, the Guarantor and the Managers have no control.

In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur when the Warrants are outstanding. Depreciation against the investor's home currency or the currency in which the Warrants are payable would result in a decrease in the payout of the Warrants and could result in an overall loss to an investor on the basis of the investor's home currency.

Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank or the imposition of regulatory controls or taxes, to influence the exchange rate of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect the yields or payouts in the investor's home currency for Warrants or where the Strike Price is denominated in a foreign currency or where the value of the assets underlying the Warrants is quoted in a foreign currency.

The Issuers will not make any change in the terms of the Warrants in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting any currency. The investor will bear those risks.

Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a specified foreign currency (or of securities denominated or payable in that currency) at the time of any payment due on a Warrant. Even if there are no actual exchange controls, it is possible that the applicable payment currency for any Warrant would not be available when payment on that Warrant is due.

Taxation

Each Warrantholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Warrants. The relevant Issuer will not pay any additional amounts to Warrantholders to reimburse them for any tax, assessment or charge required to be withheld or deducted by the relevant Issuer or any Agent from payments in respect of the Warrants.

Certain Considerations Associated with Warrants Relating to Shares (or Baskets of Shares)

An investment in the Warrants (except in the case of Regulation S Warrants that are Physical Delivery Share Warrants) entitles the Warrantholder to certain cash payments calculated by reference to the Shares to which the Warrants are linked. It is not an investment directly in the Shares themselves. The Warrantholder will have no beneficial interest in the Shares to which the Warrants are linked and accordingly will not have voting rights in those Shares. The Warrantholder will have no right to receive dividends or other distributions (except for Regulation S Warrants that are Physical Delivery Share Warrants and Rule 144A Warrants and Unitary Warrants that have the right to receive Interim Payment Amounts). The Warrants will not represent a claim against a Share Company or Basket Company, as applicable, and, in the event of any loss, a Warrantholder will not have recourse under the Warrants against a Share Company or Basket Company, as applicable, or against any securities issued by a Share Company or Basket Company, as applicable.

In the case of Warrants relating to Shares, no Share Company will have participated in the preparation of the applicable Pricing Supplement or in establishing the terms of the Warrants and none of the Issuers, Guarantor or any Manager will make any investigation or enquiry in connection with such offering with respect to the information concerning any Share Company contained in such Pricing Supplement or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any annex (if applicable) to any applicable Pricing Supplement) that would affect the trading price of the Share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning a Share Company could affect the trading price of the Share and therefore the trading price of the Warrants.

Moreover, the Issuers have no ability to control or predict any actions of the Share Company, including any corporate actions of the type that would require the Calculation Agent to adjust the payment to Warrantholders upon exercise of the Warrants. The Share Company is not involved in the offering of the Warrants in any way and has no obligation to consider a Warrantholder's interest in a Warrant in taking any corporate actions that might affect the value of the Warrants. None of the money that the Warrantholder pays for the Warrants will go to a Share Company.

Legality of Purchase

A prospective purchaser of the Warrants will be responsible for the lawfulness of the acquisition of the Warrants, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Number of Warrants Outstanding

Prospective purchasers of the Warrants should note that the Issuers, or an affiliate of the Issuers, may agree to purchase a substantial proportion of the Warrants as principal. In addition, purchasers should be aware that under the terms and conditions of the Warrants the Issuers or an affiliate of the Issuers may purchase the Warrants at such times, in such manner and for such consideration as they may deem appropriate. Such securities may be resold or surrendered for cancellation, or held and then resold or surrendered for cancellation, and, if cancelled, may not be reissued by the relevant Issuer, all at such time and in such manner as it may deem appropriate. Purchasers should not therefore make any assumption as to the number of Warrants in issue at any one time or in the future.

Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall activities of the Issuers, the Guarantor and their respective affiliates. The Issuers, the Guarantor and their respective affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management and investment and other activities for their own account or the account of others. In addition, the Issuers, the Guarantor and their respective affiliates, in connection with their other business activities, may possess or acquire material information about any Share Company or Basket Company or such other assets underlying the Warrants. Such activities and information may involve or otherwise affect any Share Company or Basket Company or such other assets underlying the Warrants in a manner that may cause consequences adverse to the Warrantholders or otherwise create conflicts of interests in connection with the Programme. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities as principal and as broker, financial advisory relationships, acting as counterparts in hedging, currency, derivatives and other transactions and the exercise of creditor rights. The Issuers, the Guarantor and their affiliates have no obligation to disclose such information or activities; provided that the Issuers will make every good faith effort not to take advantage of any price-sensitive information. By purchasing or holding any Warrant, the Warrantholder acknowledges that the Issuers, the Guarantor, their affiliates and their officers and directors may engage in any such activities without regard to the Programme or the effect that such activities may directly or indirectly have on the Warrants, and the holder irrevocably waives any claim that it may have in respect thereof.

Warrants are Unsecured Obligations

All Warrants will represent general contractual obligations of the relevant Issuer, and in the case of Regulation S Warrants, the Regulation S Issuer and the Guarantor, and in the case of Unitary Warrants, the Unitary Warrant Issuer and the Guarantor, and of no other person. No Warrants will be secured by any property of the relevant Issuer or the Guarantor, as applicable, and all Warrants rank equally among themselves and with all other unsecured and unsubordinated obligations of the relevant Issuer and, if applicable, the Guarantor.

Limitations on Exercise

If a Maximum Exercise Number is specified in the applicable Pricing Supplement, the relevant Issuer will have the option to limit the number of Warrants exercisable on any date (other than on the final exercise date) to the maximum number specified in the applicable Pricing Supplement and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the relevant Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such Warrantholder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the relevant Issuer or in any other manner specified in the applicable Pricing Supplement.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a Share (or basket of Shares), Index (or basket of indices), or other basis of reference which may be specified in the applicable Pricing Supplement, should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the Share (or basket of Shares), Index (or basket of Indices), or other basis which may be specified in the applicable Pricing Supplement. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the Share (or basket of Shares), Index (or basket of Indices), or other basis which may be specified in the applicable Pricing Supplement. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant Share, Index or basket of Shares or Indices.

The Calculation Agent will calculate the Interim Payment Amounts (if any) and the payment to Warrantholders upon exercise of the Warrants, including calculations of the Exchange Rate (in respect of Regulation S Warrants) and Spot Exchange Rate (in respect of Rule 144A Warrants and Unitary Warrants). The Issuers, the Calculation Agent or their affiliates may carry out hedging activities related to the Warrants, including trading in the Shares (or basket of Shares), Index (or basket of Indices), or other basis of reference as well as in other instruments (including but not limited to futures or option contracts) related to the Shares (or basket of Shares), Index (or basket of Indices), or other basis of reference. The Issuers, the Calculation Agent and some of their other affiliates may also trade in the Shares (or basket of Shares), Index (or basket of Indices), or other basis of reference and other financial instruments related to the Local Currency on a regular basis as part of their general broker-dealer or commodities businesses. Any of these activities could influence the value of the Shares (or basket of Shares), Index (or basket of Indices), or other basis of reference and, accordingly, could decrease the payout on the Warrants to the Warrantholders.

There is no reason to believe that any hedging activities taken by the Issuers, the Calculation Agent or their affiliates will have a material impact on the value of the Shares (or basket of Shares), Index (or basket of Indices) or other basis of reference. However no assurance can be given that such

hedging activities will not affect the value of the Shares (or basket of Shares), Index (or basket of Indices) or other basis of reference related to the Warrants. The Issuers, the Calculation Agent or their affiliates may modify their hedging position throughout the life of the Warrants, including (a) in the case of Regulation S Warrants, on each of the Averaging Dates, or (b) in the case of Rule 144A Warrants and Unitary Warrants, on each of the five Exchange Business Days prior to and including (i) in the case of European Style Warrants, the Exercise Date or (ii) in the case of American Style Warrants, the Actual Exercise Date or Expiration Date, as the case may be, by purchasing and selling the Shares or other instruments (including but not limited to futures or options contracts) related to the Shares (or basket of Shares), Index (or basket of Indices) or other basis of reference or positions in any other available securities or instruments that the Issuers may wish to use in connection with such hedging.

Effect of Credit Rating Reduction

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of the Rule 144A Issuer's (and in the case of Regulation S Warrants and Unitary Warrants, the Guarantor's) creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Rule 144A Issuer's (and in the case of Regulation S Warrants and Unitary Warrants, the Guarantor's) outstanding securities by standard statistical rating services, such as Moody's Investors Service Limited, Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., and Fitch Ratings Ltd. A reduction in the rating, if any, accorded to outstanding debt securities of the Rule 144A Issuer (and in the case of Regulation S Warrants and Unitary Warrants, the Guarantor) by one of these rating agencies could result in a reduction in the trading value of the Warrants.

Time Lag after Exercise

Unless otherwise specified in the applicable Pricing Supplement, in the case of Warrants that are Cash Settled Warrants, there will be a time lag between the time of automatic exercise or when a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount relating to such exercise is determined. Any delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Pricing Supplement or the applicable Conditions. However, a delay in such determination could be significantly longer, particularly in the case of either a delay in the exercise of Warrants arising from a limitation due to any Maximum Exercise Number or the occurrence of a Market Disruption Event (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency. Any such delay could decrease the Cash Settlement Amount of the Warrants being exercised from what it might otherwise have been and may result in such Cash Settlement Amount being zero. Warrantholders who have exercised their Warrants will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of such Warrants.

Unless otherwise specified in the applicable Pricing Supplement, in the case of Regulation S Warrants that are Physical Delivery Warrants (or, if applicable, in relation to the Regulation S Issuer's option to vary settlement of Cash Settled Warrants pursuant to Condition 4(d) of the Regulation S Warrants), there will be a time lag between the time of automatic exercise or when a Warrantholder gives instructions to exercise and the time the applicable Entitlement is delivered. Any delay between the time of exercise and such delivery will be specified in the applicable Regulation S Warrant Pricing Supplement or the Regulation S Warrant Conditions. However, a delay in delivery could be significantly longer, particularly in the case of either a delay in the exercise of Warrants arising from a limitation due to any Maximum Exercise Number or upon any determination by the Calculation Agent that a Settlement Disruption Event occurred at any relevant time. The value of the assets comprising the Entitlement could increase or decrease during this period and could result in the value of the Entitlement being less than the Strike Price or possibly zero. Warrantholders who have exercised their Warrants will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of such Warrants.

Adjustments can Adversely Affect the Value of the Warrants

The Calculation Agent will adjust the amount payable upon exercise for certain events affecting Shares, such as stock splits and stock dividends, and certain other corporate actions involving Shares, such as mergers. In addition, the Calculation Agent may, but is not required to, make adjustments for corporate events that can affect the Shares other than those specified. The determination by the Calculation Agent to adjust, or not to adjust, the amount payable upon exercise may materially and adversely affect the Cash Settlement Amount of the Warrants. In addition, the relevant Issuer may, at its sole discretion, cause the Calculation Agent to alter the specified antidilution adjustments, if it determines that such existing adjustments do not properly take into account the consequences of the events enumerated in such antidilution adjustments. Any alterations to the specified antidilution adjustments set forth in Condition 18(c) of the Regulation S Warrant Conditions and Condition 16 of the Rule 144A Warrant Conditions and Unitary Warrant Conditions may be materially adverse to the Warrantholders.

Calculation Agent is an Affiliate

The Calculation Agent is an affiliate of the Issuers and the Guarantor. The economic interests of the Calculation Agent and its affiliates may be adverse to the interests of Warrantholders, including with respect to certain determinations and judgements that the Calculation Agent may make in respect of the Warrants, which could in turn adversely affect the Cash Settlement Amount a Warrantholder receives upon exercise (and any Interim Payment Amount in respect of Rule 144A Warrants or Unitary Warrants). See “Regulation S Warrant Conditions — Potential Adjustment Event and Market Disruption Event”, “Rule 144A Warrant Conditions — Antidilution Adjustments, Market Disruption Event and Payment Disruption Event” and “Unitary Warrant Conditions — Antidilution Adjustments, Market Disruption Event and Payment Disruption Event” below. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith.

RISK FACTORS RELATING TO REGULATION S WARRANTS

No Promised Return of the Purchase Price of the Regulation S Warrants

The Warrants do not promise any return of their purchase price upon exercise. Instead, the Warrants will pay (i) in the case where Averaging does not apply, an amount of cash in the Settlement Currency based on the Settlement Price relative to the Strike Price, or (ii) in the case where Averaging applies, an amount of cash in the Settlement Currency based on the value of the arithmetic average of the Settlement Price for all the Averaging Dates relative to the Strike Price. If those amounts, after taking into account any deductions chargeable to Warrantholders upon exercise in accordance with the terms of the Regulation S Warrants, is less than the purchase price of the Regulation S Warrants that Warrantholders purchase, Warrantholders will lose money. Further, in the event that the price of the Shares and/or the Exchange Rate were to decline substantially, Warrantholders could experience a substantial or complete loss of their investments.

Market Disruption Event

If an issue of Regulation S Warrants includes provisions dealing with the occurrence of a Market Disruption Event on a Valuation Date or an Averaging Date and the Calculation Agent determines that a Market Disruption Event has occurred or exists on such Valuation Date or such Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Regulation S Warrants may have an adverse effect on the value of such Regulation S Warrants.

Regulation S Issuer's Option to Vary Settlement

If the applicable Regulation S Warrant Pricing Supplement indicates that the Regulation S Issuer has an option to vary settlement in respect of such Regulation S Warrants, the Regulation S Issuer may, at its sole and absolute discretion, elect (1) not to pay the relevant Warrantholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (2) not to deliver or procure delivery to the relevant Warrantholders of the Entitlement, but to make payment of the Cash Settlement Amount.

Illegality

If the Regulation S Issuer determines that its performance under any Regulation S Warrants has become illegal in whole or in part for any reason, the Regulation S Issuer may terminate such Regulation S Warrants and, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Regulation S Warrant being an amount equal to the fair market value of such Regulation S Warrant, notwithstanding such illegality, less the cost to the Regulation S Issuer of unwinding any underlying related hedging arrangements plus, if already paid by or on behalf of the Warrantholder, the Strike Price, all as determined by the Calculation Agent in its sole and absolute discretion.

Settlement Disruption Event

In the case of Regulation S Warrants that are Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Regulation S Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement.

RISK FACTORS RELATING TO RULE 144A WARRANTS AND UNITARY WARRANTS

Market Disruption Event in relation to Rule 144A Warrants and Unitary Warrants

If an issue of Rule 144A Warrants or Unitary Warrants includes provisions dealing with the occurrence of a Market Disruption Event on any of the five Exchange Business Days prior to and including (i) in the case of European Style Warrants, the Exercise Date or (ii) in the case of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and the Calculation Agent determines that a Market Disruption Event has occurred or exists on those days, any consequential postponement of (i) in the case of European Style Warrants, the Exercise Date or (ii) in the case of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, or any alternative provisions for valuation in any Rule 144A Warrants or Unitary Warrants may have an adverse effect on the value of such Rule 144A Warrants or Unitary Warrants, as the case may be.

If a Market Disruption Event occurs during any of the five Exchange Business Days prior to and including (i) in the case of European Style Warrants, the Exercise Date or (ii) in the case of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and is continuing on the 90th day following the date that would have been (i) in the case of European Style Warrants, the Exercise Date or (ii) in the case of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, absent the occurrence of any Market Disruption Event, the Cash Settlement Amount will be determined using bids from dealers in the Shares. If under these circumstances the Rule 144A Issuer or Unitary Warrant Issuer, as the case may be, is not able to obtain a bid for the Shares from at least one dealer, the value of the Shares during such Market Disruption Event shall be deemed to be zero and the Warrantholders will lose a substantial portion of their investment in the Warrants, possibly their entire investment. See "Rule 144A Warrant Conditions — Market Disruption" and "Unitary Warrant Conditions — Market Disruption" below.

Potential risks of Investing in a Security Linked to Non-U.S. Shares

An investment in the Rule 144A Warrants or the Unitary Warrants involves considerations that may not be associated with a security linked to the stock of a U.S. issuer. These considerations relate to foreign market factors generally and may include, for example, different accounting requirements and regulations, different securities or commodity trading rules and conventions and different and, in some cases, more adverse economic environments, such as the recessions experienced by some Asian and Latin American economies in recent years.

In addition, the Relevant Jurisdiction may be considered to be an emerging market country and investments in emerging markets may be subject to greater risks as a result of a number of considerations. These considerations may include greater risk of market shutdown, greater governmental involvement in the economy and, in some cases, greater volatility, unpredictability and economic and political instability and higher risk of civil or international conflict or war. Warrant holders will also be exposed to currency exchange rate risks. Investments in emerging markets may involve significant risk of loss.

No Promised Return of the Purchase Price of the Rule 144A Warrants or the Unitary Warrants

The Warrants do not promise any return of their purchase price. Instead, the Warrants will pay (i) Interim Payment Amounts, if any, and (ii) upon exercise, an amount of cash in the Settlement Currency based on the value of the arithmetic average of the volume weighted average prices of the Shares on each of the five Exchange Business Days prior to and including (A) in the case of European Style Rule 144A Warrants or Unitary Warrants, the Exercise Date or (B) in the case of American Style Rule 144A Warrants or Unitary Warrants, the Actual Exercise Date or Expiration Date, as applicable, relative to the Strike Price. If those amounts, after taking into account any deductions chargeable to Warrant holders upon exercise in accordance with the terms of the Rule 144A Warrants or Unitary Warrants, as the case may be, is less than the purchase price of the Rule 144A Warrants or Unitary Warrants that Warrant holders purchase, Warrant holders will lose money. Further, in the event that the price of the Shares and/or the Spot Exchange Rate were to decline substantially, Warrant holders could experience a substantial or complete loss of their investments.

Effect of an Early Exercise Event

If an Early Exercise Event occurs, the Exercise Date (in the case of European Style Warrants) or the Actual Exercise Date or Expiration Date (in the case of American Style Warrants) may be accelerated, shortening the anticipated period of the Warrant holder's investment in the Rule 144A Warrants or Unitary Warrants, as applicable. If an Early Exercise Event is related to the imposition of or change in a tax by the Relevant Jurisdiction or any other authority with the power to levy or assess tax in the Relevant Jurisdiction with respect to the ownership or disposition of the Shares that would be applicable to a Qualified Investor, the Calculation Agent may adjust the amount payable to the Warrant holders on the Settlement Date to be net of any such taxes (based upon the maximum statutory rates). See "Rule 144A Warrant Conditions — Early Exercise" and "Unitary Warrant Conditions — Early Exercise" below.

Effect of a Payment Disruption Event

If a Payment Disruption Event occurs based on actions by a Government Authority in the Relevant Jurisdiction that affects the ability of a Qualified Investor to convert Local Currency into the Settlement Currency or to remit payments in the Settlement Currency abroad, the payment of the Cash Settlement Amount may be delayed for up to 30 days after the relevant Settlement Date and payment of any then unpaid Interim Payment Amount may be delayed until the day falling 30 days after the Interim Payment Date. If the Payment Disruption Event is continuing on either the 30th day after the relevant Settlement Date (in relation to the Cash Settlement Amount) or on the 30th day

after the Interim Payment Date (in relation to any unpaid Interim Payment Amount), the Rule 144A Issuer or Unitary Warrant Issuer may elect in its sole discretion to pay the applicable amount(s) to the Warrantholders in Local Currency or Settlement Currency in the Relevant Jurisdiction. The payment to the Warrantholders in the Relevant Jurisdiction may require them to establish, at their own expense, an account at a bank in the Relevant Jurisdiction to receive that payment. If a Payment Disruption Event results in the Warrantholder's acceptance of a payment in Local Currency, the Warrantholder may be unable to convert that payment into the Settlement Currency and/or to remit such Settlement Currency abroad. In addition, the Warrantholder may be subject to other fees, expenses or taxes in connection with the receipt of funds within the Relevant Jurisdiction or the repatriation of funds from the Relevant Jurisdiction. If a Payment Disruption Event in respect of payment of the Cash Settlement Amount continues until the 30th day after the Settlement Date or a Payment Disruption Event in respect of any Interim Payment Amount continues until the 30th day after the Interim Payment Date, and in either case it is impracticable or unlawful for the Rule 144A Issuer or the Unitary Warrant Issuer, as the case may be, to pay the Warrantholder in the Relevant Jurisdiction or the Warrantholder does not establish an account in a bank in the Relevant Jurisdiction to receive payment in the Relevant Jurisdiction in the currency the Rule 144A Issuer or Unitary Warrant Issuer, as applicable, elects, the Rule 144A Issuer or Unitary Warrant Issuer shall not be obligated to make payment to the Warrantholder of the Cash Settlement Amount, the affected Interim Payment Amount or any such amounts.

The characterisation of the Rule 144A Warrants and the Unitary Warrants for U.S. federal income tax purposes is uncertain

Investors should also consider the tax consequences of investing in the Rule 144A Warrants or the Unitary Warrants, as applicable. There is no statutory, judicial or administrative authority that directly addresses the characterisation of the Rule 144A Warrants or the Unitary Warrants or instruments similar to the Rule 144A Warrants or the Unitary Warrants for U.S. federal income tax purposes, and therefore significant aspects of the tax treatment of the Rule 144A Warrants and the Unitary Warrants are uncertain. Pursuant to the terms of the Rule 144A Warrants and the Unitary Warrants, the Rule 144A Issuer and the Unitary Warrant Issuer and the investors agree to treat the Rule 144A Warrants and the Unitary Warrants as prepaid cash settlement forward contracts with respect to the Shares, as described in "United States Federal Taxation of Rule 144A Warrants and Unitary Warrants". If the United States Internal Revenue Service ("IRS") were successful in asserting an alternative characterisation for the Rule 144A Warrants or the Unitary Warrants, the timing and character of income on the Rule 144A Warrants or the Unitary Warrants, as the case may be, may differ. Neither the Rule 144A Issuer nor the Unitary Warrant Issuer plans to request a ruling from the IRS regarding the tax treatment of the Rule 144A Warrants or the Unitary Warrants, as applicable, and the IRS or a court may not agree with the tax treatment described in this Information Memorandum. **Please read carefully the section "United States Taxation of Rule 144A Warrants and Unitary Warrants" in this Information Memorandum.**

FORM OF REGULATION S WARRANT PRICING SUPPLEMENT

The Pricing Supplement relating to each issue of Regulation S Warrants will be substantially in the form set out below and will contain (without limitation) such of the following information as is applicable in respect of such Regulation S Warrants. All references to numbered conditions are to the terms and conditions of the Regulation S Warrants set out in Annex 1 of the Warrant Agreement (as defined in the Regulation S Warrant Conditions) and reproduced in the Information Memorandum and words and expressions defined in those terms and conditions shall have the same meaning in the applicable Regulation S Warrant Pricing Supplement.

MSDW ASIA SECURITIES PRODUCTS LLC (incorporated with limited liability in the Cayman Islands)

Warrant Programme

Guaranteed by

Morgan Stanley

(incorporated in Delaware, U.S.A.)

The Warrants and the Master Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or the securities laws of any State in the United States. The Warrants and the Master Guarantee may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons as such term is defined in Regulation S under the Securities Act.

[Additional legends related to particular issue of Warrants]

[Details of particular issue of Warrants]

This Pricing Supplement is prepared in connection with the Warrant Programme of MSDW Asia Securities Products LLC (the **Issuer**) and Morgan Stanley and is supplemental to, and should be read in conjunction with, the Information Memorandum dated November 27, 2003 (the **Information Memorandum**). The terms and conditions of the Warrants (the **Conditions**) described herein are as set out in Annex 1 of the master warrant agreement between the Issuer, Morgan Stanley and the Agents dated November 27, 2003 (the **Warrant Agreement**), as supplemented by and modified by this Pricing Supplement. Terms defined in the Conditions have the same meaning when used in this Pricing Supplement. Where the context permits, terms used in Part A of this Pricing Supplement shall be deemed to be defined as such for the purposes of the Conditions.

Except as disclosed in the Information Memorandum (including in any document incorporated by reference therein) and save as disclosed herein, there has been no material adverse change in the financial position of either the Issuer or the Guarantor since the dates of their respective last fiscal year ends.

To the best of the knowledge and belief of the Issuer (which has made reasonable enquiry) there are no facts which would make any statement in this Pricing Supplement (subject as mentioned herein), as of its date, misleading, and the Issuer accepts responsibility for the information contained in this Pricing Supplement except as mentioned herein.

The information contained herein with regard to the underlying asset, index and other item(s) to which the Warrants relate consists of extracts from or summaries of information that are publicly available. Except as mentioned herein, the Issuer accepts responsibility for accurately reproducing and/or summarising the information relating to the underlying assets to which the Warrants relate, which information is more particularly described in Part B hereto. The Issuer accepts no further or other responsibility in respect of such information.

[The [Luxembourg Stock Exchange/Cayman Islands Stock Exchange] takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.]

Part A — Information about the Warrants

1. (a)	The series number of the Warrants;	
1. (b)	Whether or not the Warrants are to be consolidated and form a single series with the warrants of an existing series;	
2.	Description of the Warrants which may be Share Warrants, Index Warrants or any other type of Warrant;	
3.	Whether the Warrants are American Style Warrants or European Style Warrants;	
4.	Whether the Warrants are Call Warrants or Put Warrants or other;	
5.	The number of Warrants being issued;	
6.	The issue price per Warrant;	
7.	The Strike Price per Warrant (which may be subject to adjustment in accordance with Conditions 17 or 18 in the case of Index Warrants or Share Warrants, respectively);	
8.	<p>The Settlement Price per Warrant (which may be subject to adjustment in accordance with Conditions 17 or 18 in the case of Index Warrants and Share Warrants, respectively);</p> <p>(NB: This must be expressed as a monetary amount in respect of Index Warrants)</p>	
9. (a)	Valuation Date(s);	

9. (b)	Additional provisions for calculating the Settlement Price when a Market Disruption Event (as defined in Conditions 17 or 18 in respect of Index Warrants and Share Warrants, respectively) occurs on the Valuation Date;	
10. (a)	Whether Averaging applies;	
10. (b)	Averaging Dates (if applicable);	
10. (c)	In the event that Averaging applies, whether, in the event of a Market Disruption Event (as defined in Conditions 17 or 18 in respect of Index Warrants and Share Warrants, respectively) occurring on an Averaging Date, Omission, Postponement or Modified Postponement (as defined in Condition 19) applies;	
11. (a)	Settlement Date ;	
11. (b)	In the case of Physical Delivery Warrants, the definition of Settlement Business Day for the purposes of Condition 4(c)(ii);	
12.	The Issue Date of the Warrants;	
13.	In the case of European Style Warrants, the Exercise Date for the Warrants provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day;	
14.	In the case of American Style Warrants, the Exercise Period in respect of the Warrants;	
15.	In the case of American Style Warrants, the Expiration Date for the Warrants if different from Condition 19, provided that, if such date is not a Business Day, the Expiration Date shall be the immediately succeeding Business Day;	
16.	In the case of American Style Warrants, whether Automatic Exercise will apply;	

17.	The Ratio identifying the number of Warrants per underlying Share, Index or Basket which shall, in the case of Cash Settled Warrants, be applied to the Settlement Price in order to ascertain the Cash Settlement Amount for each Cash Settled Warrant (such Ratio shall be subject to adjustment in accordance with Conditions 17 or 18 in respect of Index Warrants and Share Warrants, respectively);	
18.	The definition of Trading Day (if different from the definition in Condition 19);	
19.	The applicable Business Day Centre(s) for the purposes of the definitions of Business Day and Settlement Business Day in Condition 19;	[must always include Hong Kong]
20.	Whether settlement will be by way of cash (Cash Settled Warrants), physical delivery (Physical Delivery Warrants) or at the Issuer's election;	
21.	Whether (and in what way) the Issuer has the option to vary settlement in respect of the Warrants (in addition to any rights in the Conditions the Issuer has to vary settlement);	
22.	The applicable Exchange Rate for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Cash Settlement Amount (as defined in Condition 19) and details of when and how such rate is to be ascertained;	
23.	The Settlement Currency for the payment of the Cash Settlement Amount;	
24.	In the case of Physical Delivery Warrants, details of the Relevant Asset or the Relevant Assets to which the Warrants relate and of the Entitlement to the Relevant Asset(s) ;	
25.	The currency of the underlying Relevant Asset, or the currency equivalent thereof (if different);	
26.	In the case of Physical Delivery Warrants, the method of transfer of the Entitlement;	

27.	In the case of Physical Delivery Warrants, details of how the Entitlement will be evidenced or recorded;	
28.	Details of any additional or alternative clearing system(s);	
29. (a)	The Minimum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder;	
29. (b)	The integral multiples of Warrants exercisable;	
29. (c)	In the case of American Style Warrants, the Maximum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert);	
30.	The Minimum Trading Amount of Warrants;	
31.	Whether the Warrants are to be listed on the Luxembourg Stock Exchange or the Cayman Islands Stock Exchange or any other exchange(s) or whether the Warrants are to be unlisted;	
32.	<p>Details of the time specified on the Valuation Date or the Averaging Date, as the case may be, for the calculation of the Settlement Price (if applicable) (the Relevant Time)</p> <p>NB: if Relevant Time is applicable but not specified, the Settlement Price will be determined by reference to the relevant closing value or price(s);</p>	
33.	For the purposes of Condition 17 (Terms for Index Warrants):	
	(a) details of the Relevant Exchange and Related Exchange (if any); and	
	(b) details of the relevant Sponsor ;	
34.	For the purposes of Condition 18 (Terms for Share Warrants), details of the Relevant Exchange and Related Exchange (if any);	

35.	Any other special conditions and any other additions or modifications to the Conditions;	[Insert any additional terms] [See Attachment A to this Pricing Supplement]
36. (a)	Details of the applicable U.S. selling restrictions;	
36. (b)	Details of any relevant U.S. selling restrictions requiring certification for the Exercise Notice or the Delivery Notice, as applicable;	
37.	Details of any selling restrictions to apply in addition to the selling restrictions set out on pages 157-159 of the Information Memorandum;	
38.	The method of distribution of the Warrants (syndicated or non-syndicated) including, if any, the names of any Managers other than or in addition to Morgan Stanley & Co. International Limited (MSIL);	
39.	The ISIN, if applicable;	
40.	The Common Code, if applicable;	
41.	Where any additional or alternative clearing system(s) has/have been specified in paragraph 28 above, any relevant security code or other code;	
42.	Details of the Principal Warrant Agent if not Morgan Stanley Dean Witter Asia Limited;	
43.	In the case of Physical Delivery Warrants, details of the Relevant Clearance System .	

Part B: [Insert relevant details in respect of the underlying assets and specify the nature of the responsibility taken by the Issuer for the information relating to the underlying assets]

TERMS AND CONDITIONS OF THE REGULATION S WARRANTS

The following is the text of the Regulation S Warrant Conditions (as amended, supplemented or varied from time to time) of the Regulation S Warrants that will be incorporated by reference into each Regulation S Global Warrant. The Regulation S Warrant Pricing Supplement in relation to an issue of Regulation S Warrants supplements the following Regulation S Warrant Conditions and may specify other terms and conditions that shall to the extent so specified or to the extent inconsistent with the following Regulation S Warrant Conditions supplement, replace or modify the following Regulation S Warrant Conditions for the purpose of such Regulation S Warrants.

Unless otherwise specified in the relevant Global Warrant and Pricing Supplement (as defined below), the Warrants of this series (such Warrants being hereinafter referred to as the **Warrants**) are constituted by a permanent global warrant (a **Global Warrant**) and are issued pursuant to a master warrant agreement dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time) (the **Warrant Agreement**) between MSDW Asia Securities Products LLC (the **Issuer**), Morgan Stanley as guarantor, Morgan Stanley Dean Witter Asia Limited as principal warrant agent (the **Principal Warrant Agent**), Dexia Banque Internationale à Luxembourg as a warrant agent in Luxembourg (the **Luxembourg Warrant Agent**) (the Principal Warrant Agent and the Luxembourg Warrant Agent, together with any additional warrant agent appointed by the Issuer, the **Warrant Agents**; which expression shall include any additional or successor warrant agents), and Morgan Stanley & Co. International Limited as calculation agent (in such capacity, the **Calculation Agent** (which expression shall include any additional or successor calculation agents) and together with the Warrant Agents, the **Agents**).

The Warrants may be sold or otherwise transferred only to a person who is not a U.S. person (as defined in Regulation S under the Securities Act of 1933, as amended (the **Securities Act**)) and who is acquiring the Warrants in an offshore transaction in compliance with Regulation S under the Securities Act.

Except as specified in the following paragraph or in the applicable Pricing Supplement, no Warrants in definitive form will be issued. Each Global Warrant will be deposited with a depository common to Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and specified in the Pricing Supplement or notified to the Warrantholders in accordance with Condition 11 of the Terms and Conditions of the Warrants (such conditions being hereinafter defined for purposes of this section as a **Condition** or the **Terms and Conditions**).

The Global Warrant will be exchangeable in whole but not in part (free of charge to the Warrantholders) for definitive warrants (**Definitive Warrants**) in registered form if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 Business Days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Issuer and the Principal Warrant Agent is available, in which case the Issuer will deliver, or arrange delivery of, Definitive Warrants in registered form, serially numbered to the Warrantholders. In such event, the Issuer may give notice to the Warrantholders in accordance with Condition 11 of such additional terms and conditions as it considers appropriate in respect of the transfers of such Definitive Warrants, the register in respect thereof, the procedures and time for exercise and payment and/or delivery thereof or thereon and such other matters as it determines are necessary.

The Pricing Supplement for the Warrants will be attached to the Global Warrant and shall supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions,

supplement, replace or modify these Terms and Conditions for the purposes of the Warrants. References herein to the “applicable Pricing Supplement” are to the Pricing Supplement or Pricing Supplements (in the case of any further warrants issued pursuant to Condition 13 and forming a single series with the Warrants) attached to the Global Warrant or, as the case may be, the Definitive Warrant Certificate.

Copies of the Warrant Agreement (which contains the form of the Pricing Supplement) and the master guarantee dated as of November 27, 2003 provided by Morgan Stanley (including its successors or assigns, the **Guarantor**) guaranteeing the Issuer’s obligations under each series of Warrants (as the same may be modified, amended, varied or supplemented from time to time, the **Master Guarantee**) and the Pricing Supplement applicable to the Warrants are available at the specified office of each Warrant Agent, save that, if the Warrants are unlisted, the applicable Pricing Supplement will only be available for inspection by a holder of such Warrants and such holder must produce evidence satisfactory to the relevant Warrant Agent as to identity.

Words and expressions defined in the Warrant Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders (as defined in Condition 1(b)) are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Warrant Agreement and the applicable Pricing Supplement.

1. Type, Title and Transfer

(a) Type

The Warrants are Index Warrants or Share Warrants, or any other or further type of warrants as specified in the applicable Pricing Supplement. Certain terms which will, unless otherwise varied in the applicable Pricing Supplement, specifically apply to Index Warrants and Share Warrants, are set out in Conditions 17 and 18, respectively.

The applicable Pricing Supplement will indicate whether the Warrants are American Style Warrants or European Style Warrants, Cash Settled Warrants or Physical Delivery Warrants and whether the Warrants are Call Warrants or Put Warrants or such other type as may be specified in the applicable Pricing Supplement and whether Averaging will apply to the Warrants. If Averaging is specified as applying in the applicable Pricing Supplement, the applicable Pricing Supplement will state the relevant Averaging Dates and, in the case of a Market Disruption Event (as defined in Condition 17 or 18 as appropriate) occurring on an Averaging Date, whether Omission, Postponement or Modified Postponement (each as defined in Condition 19) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants which include an option at the election of the Issuer (as set out in the applicable Pricing Supplement), for cash settlement of such Warrants and where settlement is made by way of cash. References in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option at the election of the Issuer (as set out in the applicable Pricing Supplement), for physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is made by way of physical delivery.

(b) *Title to Warrants*

In the case of Warrants represented by a Global Warrant, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated for all purposes by the Issuer, the Guarantor, any Warrant Agent, Euroclear and/or Clearstream, Luxembourg, and all other persons dealing with such person as the holder of such amount of Warrants (and the expressions **Warrantholder** and **holder of Warrants** and related expressions shall be construed accordingly).

In the case of Definitive Warrants, the Issuer shall cause to be kept at the specified office of the Principal Warrant Agent (outside the United Kingdom) a register (the **Register**) on which shall be entered, the names and addresses of all holders of Definitive Warrants, the number and type of the Definitive Warrants held by them and details of all transfers of Definitive Warrants.

In respect of Definitive Warrants, the persons shown in the Register (each a **Warrantholder**) shall (except as otherwise required by law) be treated as the absolute owners of the relevant Definitive Warrants for all purposes (regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating such person (and the expressions **Warrantholders** and **holder of Warrants** and related expressions shall be construed accordingly).

(c) *Transfers of Warrants*

All transactions (including transfers) involving the Warrants (other than Definitive Warrants) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 5.

The number of Warrants which may be transferred by a Warrantholder must be equal to the Minimum Trading Amount and any integral multiple thereof or of such other number, each as specified in the applicable Pricing Supplement.

Definitive Warrants may be transferred at the office of the Principal Warrant Agent (outside the United Kingdom) during its official business hours. No transfer shall be registered for a period of 15 Business Days immediately preceding any due date for payment in respect of the relevant Warrants, the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants).

2. Status of the Warrants

The Warrants constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other direct, unsubordinated and unsecured obligations of the Issuer (other than those preferred by law).

3. The Master Guarantee

The Guarantor will, subject to its option to vary settlement and in accordance with the terms of the Master Guarantee, irrevocably guarantee the obligations of the Issuer under or in respect of the Warrants. The Guarantor, in discharging its obligations under the Master Guarantee, may, in respect of each Warrant elect not to transfer or procure the transfer of Entitlements but to make payment

of the Cash Settlement Amount to the relevant Warrantholders. The obligations of the Guarantor under the Master Guarantee will constitute direct, unsubordinated and unsecured obligations of the Guarantor and will rank pari passu with all other direct, unsubordinated and unsecured obligations of the Guarantor (other than those preferred by law).

4. Exercise Rights

(a) Exercise Period

(i) American Style Warrants

American Style Warrants are exercisable on any Business Day during the Exercise Period.

In the case of Warrants represented by the Global Warrant, any Business Day during the Exercise Period on which an Exercise Notice is received at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate), by Euroclear or Clearstream, Luxembourg, as the case may be, and a copy thereof is received at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) by the Principal Warrant Agent, is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice is received by Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any Business Day, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the last Business Day of the Exercise Period (the **Expiration Date**) and has not been automatically exercised in the manner set out in Condition 5(b) (if applicable), shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Definitive American Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Warrant Agent. Any Exercise Notice which is delivered to the Principal Warrant Agent after 10.00 a.m., Hong Kong time, on any Business Day during the Exercise Period will be deemed to have been deposited on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 or the applicable Pricing Supplement at or prior to 10.00 a.m., Hong Kong time on the Expiration Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

(ii) European Style Warrants

European Style Warrants represented by a Global Warrant will be automatically exercised in the manner set out in Condition 5(b). Any European Style Warrants represented by a Global Warrant which have not been automatically exercised in the manner set out in Condition 5(b) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Definitive European Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants on the Exercise Date to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and

completed to the satisfaction of the Principal Warrant Agent. Any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 or the applicable Pricing Supplement by 10.00 a.m., Hong Kong time on the Exercise Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

(b) *Cash Settlement Amount*

- (i) Unless otherwise specified in the applicable Pricing Supplement, the holder of a Cash Settled Warrant, upon due exercise and subject, where appropriate, to certification as to non-U.S. beneficial ownership, will receive from the Issuer on the Settlement Date, in respect of each Cash Settled Warrant, a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

(A) where Averaging is not specified in the applicable Pricing Supplement:

- (I) if such Warrants are Call Warrants,

(Settlement Price - Strike Price), multiplied by the Ratio (if any) specified in the applicable Pricing Supplement;

- (II) if such Warrants are Put Warrants,

(Strike Price - Settlement Price), multiplied by the Ratio (if any) specified in the applicable Pricing Supplement; and

(B) where Averaging is specified in the applicable Pricing Supplement:

- (I) if such Warrants are Call Warrants,

(the arithmetic average of the Settlement Price for all the Averaging Dates - Strike Price), multiplied by the Ratio (if any) specified in the applicable Pricing Supplement;

- (II) if such Warrants are Put Warrants,

(Strike Price - the arithmetic average of the Settlement Prices for all the Averaging Dates), multiplied by the Ratio (if any) specified in the applicable Pricing Supplement.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Pricing Supplement for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, and with 0.005 and amounts greater but less than 0.01 (or in the case of Japanese Yen, half a unit and amounts greater but less than a whole unit) being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants.

Settlement procedures, where applicable, in respect of Definitive Warrants will be specified in the applicable Pricing Supplement.

- (ii) In the case of Call Warrants, where a free distribution or dividend of Shares has been declared such that (a) the applicable ex-dividend date arises during the period from the date following the date of issue of the Share Warrant to and including the Valuation Date (or if there is more than one Valuation Date, the first Valuation Date); and (b) in respect of which the free distribution or dividend of Shares has been delivered by the Share Company and received by existing holders of the Shares during the period from the date following the Valuation Date (or if there is more than one Valuation Date, the first Valuation Date) to and including the day falling four calendar months after that Valuation Date, an additional amount (an **Additional Cash Settlement Amount**) shall be payable by the Issuer to the Warrantholder.

The Additional Cash Settlement Amount for each Share Warrant shall be determined by the Calculation Agent according to the following formula:

Settlement Price multiplied by the Distribution Ratio

where **Distribution Ratio** means the Ratio multiplied by the number of Shares (or the portion of one Share) delivered as a free distribution or dividend in respect of one Share held immediately prior to the relevant ex-dividend date.

The Additional Cash Settlement Amount (if any) will be payable by the Issuer to the Warrantholder ten Business Days following the date of receipt by the Issuer of such free distribution or dividend of Shares.

(c) *Physical Settlement*

- (i) Exercise rights in relation to Physical Delivery Warrants

Each Physical Delivery Warrant entitles its holder, upon due exercise and subject, where appropriate, to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Strike Price and the relevant Exercise Expenses. The method of transferring the Entitlement is set out in the applicable Pricing Supplement.

Warrants exercised at the same time by the same Warrantholder (whether by way of Exercise Notice or Automatic Exercise) will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants PROVIDED THAT the aggregate Entitlement in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustments will be made in respect thereof.

Settlement procedures, where applicable, in respect of Definitive Warrants will be specified in the applicable Pricing Supplement.

- (ii) Settlement Disruption

If, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, transfer of the Entitlement using the method of transfer specified in the applicable Pricing Supplement is not practicable by reason of a Settlement Disruption Event having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event PROVIDED THAT the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by

transferring the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with the transfer of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the transfer on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate pro rata portion of the Strike Price and the Exercise Expenses to be paid by the relevant Warrantholder in respect of that partial settlement. For so long as the transfer of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by payment to the relevant Warrantholder of the Disruption Cash Settlement Price on the third Business Day following the date that notice of such election and method of payment of the Disruption Cash Settlement Price is given to the Warranholders in accordance with Condition 11. The Calculation Agent shall give notice as soon as practicable to the Warranholders in accordance with Condition 11 that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any additional payment in respect of the relevant Warrant in the event of any delay in the transfer of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(d) *Issuer's Option to Vary Settlement*

If the applicable Pricing Supplement indicates that the Issuer has an option to vary settlement in respect of the Warrants, upon a valid exercise of Warrants in accordance with these Terms and Conditions, the Issuer may, in its sole and absolute discretion, in respect of each such Warrant elect not to pay the relevant Warranholders the Cash Settlement Amount but to transfer or procure the transfer of the Entitlement on the Settlement Date to the relevant Warranholders or, as the case may be, not to deliver or procure delivery of the Entitlement but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warranholders. Notification of such election will be given to all Warranholders (or, in the case of American Style Warrants, the exercising Warranholders) no later than 10.00 a.m. (London time) on the second Business Day following (A) the Actual Exercise Date (in the case of exercise by way of Exercise Notice), or (B) the Exercise Date (in the case of exercise of European Style Warrants by way of Automatic Exercise), or (C) the Expiration Date (in the case of exercise of American Style Warrants by way of Automatic Exercise).

(e) *Net Dividend*

Following exercise of a Share Warrant:

- (i) an amount equal to the aggregate of all cash dividends paid on the Shares and received by the Issuer during the period from and including the first ex-dividend date following the date of issue of the Share Warrant to and including the Valuation Date (or if there is more than one Valuation Date, the first Valuation Date) for such Warrant (net of any applicable taxes) will be payable by the Issuer to the Warrantholder on the Settlement Date; and
- (ii) an amount equal to the aggregate of all cash dividends declared on the Shares for which (a) the applicable ex-dividend date arises during the period from the date following the date of issue of the Share Warrant to and including the Valuation Date (or if there is more than one Valuation Date, the first Valuation Date); and (b) in respect of which payment has been made by the Share Company and received by holders of the Shares during the

period from and including the date following the Valuation Date (or if there is more than one Valuation Date, the first Valuation Date) to and including the day falling four calendar months after that Valuation Date (net of any applicable taxes), will be payable by the Issuer to the Warrantholder ten Business Days following the date of receipt by the Issuer of such cash dividends.

Such dividends will be paid, in the case of Automatic Exercise, to the account of the Warrantholder with Euroclear and/or Clearstream, Luxembourg or, in the case of exercise by way of Exercise Notice, to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 5(c).

(f) *General*

Neither the Calculation Agent nor the Issuer nor the Guarantor nor any Manager nor the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount, Disruption Cash Settlement Price, Board Lot Payment or of any Entitlement or other amount whatsoever.

The purchase of Warrants does not confer on the Warrantholder any beneficial interest in the Relevant Asset, whether in respect of voting, distributions or otherwise.

5. Exercise Procedure

(a) *Automatic or Exercise Notice*

Warrants shall be exercisable, as specified in the applicable Pricing Supplement:

- (i) by way of Automatic Exercise in accordance with Conditions 5(b) and 5(e) (**Automatic Exercise**); or
- (ii) by the delivery, or the sending by tested telex (confirmed in writing) (or, if the Warrants are held in Euroclear, by the Euroclear Information Distribution System (Euclid) and if the Warrants are held in Clearstream, Luxembourg, by the Cedel Communication System (Cedcom)), or such other method as is acceptable to Euroclear and/or Clearstream, Luxembourg, of a duly completed exercise notice (an Exercise Notice) in the form set out in the Warrant Agreement or such other form as the Issuer shall determine (copies of which form may be obtained from Euroclear and/or Clearstream, Luxembourg and the Warrant Agents) to Euroclear and/or Clearstream, Luxembourg, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 4 and this Condition 5.

(b) *Automatic Exercise*

Automatic Exercise only applies to Warrants represented by a Global Warrant.

All European Style Warrants represented by a Global Warrant will be automatically exercised on the Exercise Date if the Warrants are in-the-money to the Warrantholder.

In the case of American Style Warrants, where Automatic Exercise is specified in the applicable Pricing Supplement, Warrants which remain unexercised after 10.00 a.m. (Brussels or Luxembourg time, as appropriate) on the Expiration Date will be automatically exercised on the Expiration Date if the Warrants are in-the-money to the Warrantholder.

(c) *Exercise Notice*

(1) In the case of American Style Cash Settled Warrants represented by a Global Warrant, the Exercise Notice shall:

- (i) specify the name(s) of the Warrantholder(s) exercising the Warrants;
- (ii) specify the address(es) of the Warrantholder(s) exercising the Warrants;
- (iii) specify the series number of the Warrants being exercised;
- (iv) specify the number of Warrants being exercised;
- (v) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, from which to debit the Warrants being exercised;
- (vi) irrevocably instruct Euroclear or Clearstream, Luxembourg as the case may be, to debit, on or before the Settlement Date, from the Warrantholder's account, the Warrants being exercised;
- (vii) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg to be credited with the Cash Settlement Amount (if any) less Exercise Expenses (if any) for each Warrant being exercised and any dividends (if any) which are payable on the relevant Shares (if applicable) relating to each Warrant being exercised;
- (viii) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants (Exercise Expenses) and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses to the Issuer or as it may direct;
- (ix) include an undertaking to indemnify the Issuer and the Warrant Agents in respect of their respective losses in respect of any transfer or attempt to transfer such Warrants on or following exercise, as described in Condition 5(h); and
- (x) certify, where appropriate, that each of the owner and the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice) and is located outside the United States and, where appropriate, include an undertaking to provide such various forms of certification in respect of selling and transfer restrictions under the securities, commodities and other laws of the United States of America or other jurisdiction as indicated and set out in the applicable Pricing Supplement and an authorisation for the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

(2) In the case of Physical Delivery Warrants represented by a Global Warrant, the Exercise Notice shall:

- (i) specify the name(s) of the Warrantholder(s) exercising the Warrants;
- (ii) specify the address(es) of the Warrantholder(s) exercising the Warrants;

- (iii) specify the series number of the Warrants being exercised;
- (iv) specify the number of Warrants being exercised;
- (v) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, from which to debit the Warrants being exercised;
- (vi) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit, on or before the Settlement Date, from the Warrantholder's account, the Warrants being exercised;
- (vii) irrevocably instruct Euroclear or Clearstream, Luxembourg to debit on the Actual Exercise Date a specified account of the Warrantholder with Euroclear or Clearstream, Luxembourg, as the case may be, of the aggregate Strike Prices in respect of such Warrants (together with any other amounts payable);
- (viii) include an undertaking to pay all taxes, duties and/or expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants or the transfer of the Entitlement pursuant to the terms of such Warrants (Exercise Expenses) and an authority to Euroclear or Clearstream, Luxembourg to debit a specified account of the Warrantholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses to the Issuer or as it may direct;
- (ix) include such details as are required by the applicable Pricing Supplement for the transfer of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement (if any) are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;
- (x) include an undertaking to indemnify the Issuer and the Warrant Agents in respect of their respective losses in respect of any transfer or attempt to transfer such Warrants in or following exercise, as described in Condition 5(h); and
- (xi) certify, where appropriate, that each of the owner and the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice) and is located outside the United States and, where appropriate, include an undertaking to provide such various forms of certification in respect of selling and transfer restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Pricing Supplement and an authorisation for the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (3) In the case of Definitive Warrants, the form of Exercise Notice required to be delivered in the manner set out above will be different to the form referred to in Condition 5(a)(ii). Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Warrant Agents.

(d) *Exercise Notice — Verification of the Warrantholder*

Upon receipt of an Exercise Notice, Euroclear and/or Clearstream, Luxembourg shall verify that the person exercising the Warrants is the holder thereof according to the records of Euroclear and/or Clearstream, Luxembourg. Subject thereto, and by 11.00 a.m. (Brussels or Luxembourg time, as appropriate) on the same day, Euroclear and/or Clearstream, Luxembourg will confirm by tested telex (or such other method as may be agreed from time to time) to the Principal Warrant Agent the number of Warrants being exercised and if the Warrants are Cash Settled Warrants the account details, if applicable, for the payment of the Cash Settlement Amount of each Warrant being exercised or, if the Warrants are Physical Delivery Warrants, the name and address of the person or bank or broker to whom the Entitlement is to be transferred and, if applicable, the name and address of the person or bank or broker to whom the documents evidencing the Entitlement are to be delivered. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof.

In the event that the Warrants are held in definitive form, the Principal Warrant Agent will verify that the person exercising the Warrants is the holder thereof and will inform the Issuer of the relevant details.

Euroclear and/or Clearstream, Luxembourg will before the Settlement Date debit from the account of the relevant Warrantholder the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Principal Warrant Agent shall note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced pro tanto by the cancellation of the Warrants so exercised.

(e) *Automatic Exercise — Undertaking by the Warrantholder*

In the case of Physical Delivery Warrants, upon any Automatic Exercise of the Warrants on the Exercise Date (in the case of European Style Warrants) or the Expiration Date (in the case of American Style Warrants), the Principal Warrant Agent will on the same day, notify the Warrantholders in accordance with Condition 11 of the applicable Exercise Expenses payable in respect of the exercise of such Warrants. On the third Business Day after such notice being given by the Principal Warrant Agent (the **Delivery Notice Date**), the Warrantholders will give notice (**Delivery Notice**) to the Principal Warrant Agent via tested telex which shall:

- (i) specify the name(s) of the Warrantholder(s) exercising the Warrants;
- (ii) specify the address(es) of the Warrantholder(s) exercising the Warrants;
- (iii) specify the series number of the Warrants being exercised;
- (iv) specify the number of Warrants being exercised;
- (v) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, from which to debit the Warrants being exercised as the Issuer may direct;
- (vi) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit, on or before the Settlement Date, from the Warrantholder's account, the Warrants being exercised as the Issuer may direct;

- (vii) irrevocably instruct Euroclear or Clearstream, Luxembourg to debit on the Settlement Date a specified account of the Warrantholder with Euroclear or Clearstream, Luxembourg, as the case may be, of the aggregate Strike Prices in respect of such Warrants (together with any other amounts payable) and to pay such Strike Prices to the Issuer or as it may direct;
- (viii) irrevocably instruct Euroclear or Clearstream, Luxembourg to debit on the Settlement Date a specified account of the Warrantholder with Euroclear or Clearstream, Luxembourg, as the case may be, of the Exercise Expenses and to pay such Exercise Expenses to the Issuer or as it may direct;
- (ix) include such details as are required by the applicable Pricing Supplement for the transfer of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement (if any) are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price or any cash amount payable under Condition 4(d); and
- (x) certify, where appropriate, that each of the owner and the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended) and is located outside the United States and, where appropriate, undertake to provide such various forms of certification in respect of selling and transfer restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Pricing Supplement and authorise production of such certification (and the Delivery Notice itself) in any applicable administrative or legal proceedings.

(f) *Settlement*

(i) *Cash Settled Warrants*

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) less any Exercise Expenses (if any) for each duly exercised Warrant to, in the case of Automatic Exercise, the Warrantholder's account with Euroclear and/or Clearstream, Luxembourg or, in the case of exercise by way of Exercise Notice, the account with Euroclear and/or Clearstream, Luxembourg specified in the relevant Exercise Notice, for value on the Settlement Date.

(ii) *Physical Delivery Warrants*

In the case of exercise of the Warrants by way of Exercise Notice, subject to payment of the applicable Strike Price(s) and Exercise Expenses with regard to the relevant Warrants, the Issuer shall on the Settlement Date transfer, or procure the transfer of, the Entitlement, including, if applicable, delivery of the documents evidencing the Entitlement to or to the order of the Warrantholder as specified in the Exercise Notice. The Entitlement shall be transferred and evidenced in such manner as set out in the applicable Pricing Supplement.

In the case of exercise of the Warrants by way of Automatic Exercise, subject to payment of the applicable Strike Price(s) and Exercise Expenses with regard to the relevant Warrants, the Issuer shall on the Settlement Date transfer, or procure the transfer of, the

Entitlement, including, if applicable, delivery of the documents evidencing the Entitlement to or to the order of the Warrantholder as specified in the Delivery Notice. The Entitlement shall be transferred and evidenced in such manner as set out in the applicable Pricing Supplement.

(g) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form, and at what time the Exercise Notice is received by Euroclear and/or Clearstream, Luxembourg, shall be made by the operator of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. **Subject as set out below, if (i) the number of Warrants specified in an Exercise Notice exceeds the number of Warrants held in the relevant account with Euroclear or Clearstream, Luxembourg or (ii) any Exercise Notice is determined to be incomplete or not in proper form, or is not copied to the Principal Warrant Agent immediately after being delivered or sent to Euroclear and/or Clearstream, Luxembourg as provided Condition 5(a)(ii), such Exercise Notice shall be null and void.**

If such Exercise Notice relates to Warrants represented by a Global Warrant and is subsequently corrected by the Warrantholder to the satisfaction of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Euroclear and/or Clearstream, Luxembourg and the Principal Warrant Agent or such time as the Exercise Notice is copied to the Principal Warrant Agent, as the case may be.

In the case of Definitive Warrants any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Principal Warrant Agent in good faith, and shall be conclusive and binding on the Issuer and the relevant Warrantholder. If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Principal Warrant Agent.

In the case of American Style Warrants, any Warrant with respect to which the Exercise Notice has not been duly completed or corrected in the manner set out above on or before the cut off time specified in Condition 4(a)(i) and has not been automatically exercised in the manner set out in Condition 5(b) (if applicable) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Euroclear and/or Clearstream, Luxembourg shall use their best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the case of Definitive Warrants, the Principal Warrant Agent will use its best efforts promptly to notify any Warrantholder who has submitted an Exercise Notice if the Principal Warrant Agent has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Warrant Agents and Euroclear and/or Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(h) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice such exercising Warrantholder may not transfer such Warrants.

If any Warrantholder does so transfer or attempt to transfer such Warrants, such Warrantholder will be liable to the Issuer and the Warrant Agents for any losses, costs and expenses suffered or incurred by the Issuer, including, without limitation, those suffered or incurred as a consequence of it having terminated any related hedging transactions in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging transactions in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging transactions.

(i) *Exercise Risk*

Exercise of the Warrants (whether Automatic Exercise or by Exercise Notice) is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date, as applicable (in the case of American Style Warrants) and neither the Issuer nor the Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Guarantor nor any Manager nor the Warrant Agents shall under any circumstances be liable for (A) any acts or defaults of Euroclear and/or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Warrants or (B) any acts or defaults of the Relevant Clearance System in relation to the performance of their duties in relation to Physical Delivery Warrants.

(j) *Restrictions*

If the Pricing Supplement for the relevant Warrants indicates or if specified in the Warrant Agreement, the exercise of those Warrants will be conditional upon the person exercising the Warrants providing to the Principal Warrant Agent, or such other person as may be specified, a certification in the form set out in such Pricing Supplement.

6. Minimum and Maximum Number of Warrants Exercisable

(a) *American Style Warrants*

This paragraph (a) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date, must be equal to the Minimum Exercise Number or any integral multiple thereof or such other number, in each case as specified in the applicable Pricing Supplement, as determined by the Issuer. Any Exercise Notice which purports to exercise Warrants in an amount less than the Minimum Exercise Number or an integral multiple thereof shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (the number equal to the Maximum Exercise Number being the **Quota**) as specified in the applicable Pricing Supplement, the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day, and the deemed Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date; provided however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where the aggregate number of Warrants exercised on the same day by two or more Warrantholders exceeds the Quota, the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(b) *Minimum Board Lot for Physical Delivery Warrants*

Notwithstanding Condition 6(a) and where applicable, where Warrants are Physical Delivery Warrants they may only be exercised in such amounts as will ensure that the number of Relevant Assets to be delivered to a Warrantholder is equal to an integral multiple of a Board Lot (as defined below). Relevant Assets will be delivered by the Issuer to each Warrantholder only in integral multiples of the minimum board lot for the trading of the Relevant Assets on the relevant exchange as from time to time specified by such relevant exchange (the **Board Lot**). In circumstances where Physical Delivery Warrants held by a Warrantholder are not capable of being exercised in amounts which would result in the delivery of a number of Relevant Assets equal to an integral multiple of the relevant Board Lot, the Issuer may at its option but is in no way obliged to, pay the Warrantholder an amount of cash in the currency in which the Relevant Asset is denominated, as determined by the Calculation Agent, (a **Board Lot Payment**) equal to:

$$(B - C) \times D \times E$$

where

B = the number of Warrants which the Warrantholder exercises on the Actual Exercise Date;

C = the maximum number of such Warrants capable of being exercised on the Actual Exercise Date which would result in the delivery of Relevant Assets equal to an integral multiple of the relevant Board Lot;

D = the number of Relevant Assets in respect of which the Warrantholder is entitled to receive delivery on exercise of a single Warrant (ignoring any restrictions on exercise in such number or delivery of such number); and

E = the market value of such number of Relevant Assets on the Valuation Date.

If the Calculation Agent determines that the amount of any such Board Lot Payment is of a de minimis amount such Warrantholder shall not receive anything in respect of the Warrants which are not capable of being exercised in amounts which would result in the purchase of a number of Relevant Assets equal to an integral multiple of the relevant Board Lot.

7. Force majeure

(a) *Notice of Force Majeure Event*

The Issuer shall have the right to give notice in accordance with Condition 11 at any time to the Warrantholders if it determines in good faith that any of the following events (each a **Force Majeure Event**) has occurred:

- (i) the performance of its obligations under the Warrants has become unlawful in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority (as defined below) or otherwise; or
- (ii) the performance of its obligations under the Warrants is prevented or materially hindered or delayed due to either (A) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (B) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond its control;

- (iii) it has become impracticable, illegal or impossible (A) to convert the relevant currency (Local Currency) in which the relevant Shares or Index (as the case may be) or any options or futures contracts in relation to the Shares or Index (as the case may be) or any other property held by the Issuer (for the purposes of hedging its obligations under the Warrants) are denominated, into the Settlement Currency, or exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the relevant Shares or Index (as the case may be) or any options or futures contracts in relation to the Shares or Index (as the case may be) or any other such property are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (B) for the Calculation Agent to determine a rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Warrants;
- (iv) it has become impracticable, illegal or impossible for the Issuer to purchase, sell or otherwise deal (or to continue to do so in the future) in the relevant Shares or Index (as the case may be) or any options or futures contracts in relation to the Shares or Index (as the case may be) or any other such property in order to perform its obligations under the Warrants or in respect of any relevant hedging arrangements in connection with the Warrants under the restriction or limitation of the existing or future law, rule, regulation, judgement, order, interpretation, directive or decree of any Government Authority or otherwise;
- (v) the performance of the Issuer's obligations under the Warrants has become impracticable, illegal or impossible due to any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer (or any of its relevant affiliates), of all or substantially all of its assets in the Local Currency jurisdiction; or
- (vi) any other event beyond the control of the Issuer has occurred which makes it impracticable, illegal or impossible for the Issuer to perform its obligations under the Warrants or to hedge effectively its obligations under the Warrants.

If an event which would otherwise (but for this provision) constitute a Force Majeure Event also constitutes a Market Disruption Event or a Settlement Disruption Event, it will be deemed to be a Market Disruption Event or a Settlement Disruption Event and will not constitute a Force Majeure Event.

(b) Issuer's Option following a Force Majeure Event

If the Issuer decides to give notice to Warrantheolders of the occurrence of a Force Majeure Event pursuant to this Condition 7, it shall state in such notice whether the Warrants will be terminated pursuant to Condition 7(c) or whether the Issuer's obligations under the Warrants will be suspended pursuant to Condition 7(d). If the Issuer elects to give notice to Warrantheolders of a suspension of its obligations under the Warrants pursuant to Condition 7(d), the Issuer shall nevertheless retain the right (at all times whilst the Force Majeure Event continues) to terminate the Warrants pursuant to Condition 7(c) by giving notice to Warrantheolders in accordance with Condition 11.

(c) Termination

Upon the Issuer's election to terminate the Warrants as aforesaid (or upon expiry of the thirty day period referred to in Condition 7(d)), the Issuer will, in respect of each and every Warrant, cause to be paid to the Warrantheolder an amount determined to be the fair market value of the Warrant as at termination (which may be nil) taking into consideration all information which the Calculation Agent deems relevant (including the circumstances that resulted in the occurrence of the Force Majeure Event) less the cost to the Issuer of unwinding any related hedging arrangements (including

but not limited to selling or otherwise realising the Shares or any options or futures contracts in relation to the Shares or Index (as the case may be) or any other such property), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made, as the case may be, in such manner as shall be notified to the Warrantholders in accordance with Condition 11.

(d) *Suspension*

Upon the Issuer's election to suspend the Warrants, the Issuer's obligations in respect of the Warrants may be suspended up until the tenth day after such Force Majeure Event shall cease to exist. In the event that such date shall not have arisen before the date which falls thirty days after the Actual Exercise Date or the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants) the Warrants shall be terminated pursuant to Condition 7(c).

(e) *Conclusive Determination*

All determinations made by the Issuer and/or Calculation Agent pursuant to this Condition 7 shall be conclusive and binding on the Warrantholders and the Issuer. No Warrantholder will be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Force Majeure Event.

8. Purchases

The Issuer and any of its affiliates shall have the right to purchase or otherwise acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate. Any Warrants so purchased may be resold or surrendered for cancellation, or held and then resold or surrendered for cancellation, and, if cancelled, may not be reissued by the Issuer.

9. Agents and Determination

(a) *Agents*

The specified offices of the Agents are set out at the end of these Terms and Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents provided that no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on the Luxembourg Stock Exchange or the Cayman Islands Stock Exchange, there shall be a Warrant Agent having a specified office in each location to the extent required by the rules and regulations of the Luxembourg Stock Exchange or the rules and regulations of the Cayman Islands Stock Exchange, as applicable. Notice of any termination of appointment and of any changes in the specified office of any Agent will be given to Warrantholders in accordance with Condition 11. In acting under the Warrant Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg and any Warrant Agent's determinations and calculations in respect of the Warrants shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

(b) *Calculation Agent*

In relation to each issue of Warrants where there is a Calculation Agent, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg.

All calculations and determinations made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders. The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(c) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to these Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Warrantholders.

10. Meetings of Warrantholders and Modification

(a) *Meetings*

The Warrant Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agreement) of a modification of these Terms and Conditions or the Warrant Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Warrantholders in accordance with Condition 11. Such a meeting may be convened by the Issuer, the Guarantor or Warrantholders holding not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. The quorum at a meeting of the Warrantholders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons holding Warrants or representing Warrantholders, whatever the number of Warrants so held or represented. The quorum at a meeting of Warrantholders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. (by number) of the Warrants for the time being remaining unexercised or at any adjourned meeting two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-fourths of the votes cast by Warrantholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 5 prior to the date of the meeting. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 5 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Warrantholders. Resolutions can be passed in writing if passed unanimously.

(b) *Modifications*

The Issuer may modify these Terms and Conditions and/or the Warrant Agreement without the consent of the Warrantholders in any manner which the Issuer may deem necessary or desirable provided that such modification does not adversely affect the interests of the Warrantholders in any material respect or such modification is of a formal, minor or technical nature or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein or to permit the issue by the Issuer of additional Warrants of any kind not contemplated herein and in any other manner with the prior consent of the requisite majority of Warrantholders as specified in the Warrant Agreement. Notice of any such modification will be given to the Warrantholders in accordance with Condition 11 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification. In connection with such right of modification the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for any

particular Warrantholder resulting from that Warrantholder being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such modification.

11. Notices

All notices to Warrantholders shall be valid if delivered (i) to Euroclear and Clearstream, Luxembourg for communication by them to the Warrantholders and (ii) if and so long as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange. In the case of Definitive Warrants, all notices to Warrantholders shall be valid if delivered to the Principal Warrant Agent, for communication by it to the Warrantholders or publication in a leading English language newspaper with circulation in Europe. If the Warrants are listed on the Luxembourg Stock Exchange, and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the *Luxemburger Wort* or the *Tageblatt*. If the Warrants are listed on the Cayman Islands Stock Exchange, copies of all notices given to Warrantholders shall be delivered to the Cayman Islands Stock Exchange. Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, as the case may be such publication or, if published more than once, on the date of the first such publication.

12. Taxation

The Issuer shall not be liable for, or otherwise obliged to pay, any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrants and all payments made by the Issuer under the Warrants shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

All payments to be made by a Warrantholder to the Issuer (or the Principal Warrant Agent or Euroclear and/or Clearstream, Luxembourg) shall be made in gross amount, without withholding or deduction for or on account of tax or otherwise.

13. Further Issues

The Issuer shall be at liberty from time to time, without the consent of Warrantholders, to create and issue further Warrants so as to form a single series with the Warrants.

14. Substitution

(a) Substitution

The Issuer shall be entitled at any time and from time to time, without the consent of the Warrantholders, to substitute any subsidiary or holding company of the Issuer or the Guarantor or any subsidiary of any such holding company other than the Guarantor (the **New Issuer**) in place of the Issuer, as obligor under the Warrants, provided that (i) the New Issuer shall assume all obligations of the Issuer in favour of the Warrantholders under or in relation to the Warrants and (ii) the obligations under or in respect of the Warrants continue to be unconditionally guaranteed by the Guarantor. In the event of any such substitution of the Issuer, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer.

(b) *Notice of Substitution*

A substitution shall be promptly notified to the Warrantholders in accordance with Condition 11.

(c) *No Regard to Effect*

The Issuer shall not be obliged to have regard to the consequences of the exercise of the right of substitution in Condition 14(a) for any particular Warrantholders resulting from that Warrantholder being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such change or substitution upon such Warrantholder.

15. Financial Information

As soon as they are available after the close of each fiscal year during the term of the Programme, the Guarantor shall provide each Warrant Agent with copies of its accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents of the Issuer and the Guarantor and the quarterly reports of the Guarantor, shall be made available to the Warrantholders at the specified office of each Warrant Agent during the term of the Programme.

16. Governing Law

The Warrants and the Master Guarantee shall be governed by and construed in accordance with English law. The Issuer irrevocably agrees for the exclusive benefit of each Warrantholder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and that accordingly any suit, action or proceeding (together in this Condition 16 referred to as **Proceedings**) arising out of or in connection with the Warrants may be brought in such courts. Nothing contained in this Condition 16 shall limit the right of any Warrantholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Issuer agrees that process in connection with Proceedings in the courts of England will be validly served on it if served upon it at Morgan Stanley & Co. International Limited at 25 Cabot Square, Canary Wharf, London E14 4QA unless otherwise specified in the applicable Pricing Supplement.

17. Additional Terms for Index Warrants

(a) *General Definitions*

Basket of Indices means a basket of Indices as specified in the applicable Pricing Supplement;

Index or **Indices** means the index or indices specified in the applicable Pricing Supplement;

Market Disruption Event shall mean, in relation to Warrants relating to a single Index or a Basket of Indices, in respect of an Index, the occurrence or existence during the one-half hour period that ends at the relevant Valuation Time on any Trading Day of any suspension of or limitation imposed on trading (by reason of movements in price exceeding permitted limits or otherwise) either:

- (A) on the Relevant Exchange — in securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
- (B) on any Related Exchange — in options contracts or futures contracts relating to the relevant Index,

if, in any such case such suspension or limitation in the determination of the Calculation Agent is material.

For the purpose of determining whether a Market Disruption Event exists at any time, if trading in a security included in the relevant Index is materially suspended or materially limited at any time, then the relevant percentage contribution of that security to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

Sponsor means the sponsor specified in the applicable Pricing Supplement; and

Successor Sponsor shall have the meaning assigned thereto in Condition 17(c)(i).

(b) *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 that a Market Disruption Event has occurred.

(c) *Adjustments*

(i) Successor Sponsor Calculates and Reports an Index

If a relevant Index is (A) not calculated and published by the Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent (the **Successor Sponsor**) or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the original Index, then the relevant Index for these purposes will be deemed to be the index so calculated and announced by the Successor Sponsor or that successor index, as the case may be.

(ii) Modification and Cessation of Calculation of an Index

If (A) on or prior to a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor makes a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events), or (B) on a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor fails to calculate and announce a relevant Index and the Index is not replaced by a successor index, then the Calculation Agent shall determine the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent by reference to the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange).

In the event that the Calculation Agent determines that it is not reasonably practicable (taking into account the costs involved) to calculate or to continue to calculate the Index on the basis described above, the Calculation Agent may rebase the Warrants against another index determined by the Calculation Agent, in its absolute and sole discretion, to be a comparable index. If the Calculation Agent determines that there is not such a comparable index, the Issuer

may elect to terminate the Warrants by giving notice of such situation to the Warrantholders in accordance with Condition 11 and the fair market value, as determined by the Calculation Agent in its absolute discretion, of such Warrants, shall be payable in respect of each Warrant on the date specified in such notice.

(iii) Correction of Index

If the level of a relevant Index published on a given day and used or to be used by the Issuer or the Calculation Agent to determine the Settlement Price is subsequently corrected and the correction is published by the Sponsor or a Successor Sponsor within the shorter of (A) 30 days of the original publication and (B) the period ending on the day falling three Business Days prior to the date for payment of any Cash Settlement Amount with respect to such Index Warrant; then the Calculation Agent shall, if such Warrants have been exercised, notify the Warrantholders of (X) that correction and (Y) the amount that is payable as a result of that correction.

(iv) Notice

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Warrantholder of any determination made by it pursuant to sub-paragraphs (i) to (iii) above. The Calculation Agent shall make available for inspection by Warrantholders copies of any such determinations (but not its workings to reach those determinations).

18. Additional Terms for Share Warrants

(a) General definitions

Shares and **Share** mean, subject to adjustment in accordance with this Condition 18, the shares or a share of the relevant Basket Company and, in the case of an issue of Warrants relating to a single Share, the relevant Share Company and related expressions shall be construed accordingly;

Basket Company means a company whose shares are included in the Basket of Shares and **Basket Companies** means all such companies;

Share Company means the Company whose Shares relate to a particular series of Warrants; and

Market Disruption Event shall mean in relation to Warrants relating to a single Share or Basket of Shares, in respect of a Share, the occurrence or existence during the one-half hour period that ends at the Valuation Time on any Trading Day of any suspension of or limitation imposed on trading (by reason of movements in price exceeding permitted limits or otherwise) either:

- (i) on the Relevant Exchange — in the Share; or
- (ii) on any Related Exchange — in any options contracts or futures contracts relating to the Share,

if, in any such case, such suspension or limitation in the determination of the Calculation Agent is material.

(b) *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 that a Market Disruption Event has occurred.

(c) *Adjustments*

(i) Potential Adjustment Events

Potential Adjustment Event means the occurrence of any of the following:

- (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (B) a distribution or dividend to existing holders of the relevant Shares of (XX) such Shares or (YY) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company or Basket Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (ZZ) any other type of securities, rights or warrants or other assets;

in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (C) an extraordinary dividend, as determined by the Calculation Agent;
- (D) a call by the Share Company or Basket Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (E) a repurchase by the Share Company or Basket Company, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (F) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

A free distribution or dividend of Shares by the Share Company in respect of which Condition 4(b)(ii) applies shall be deemed not to constitute a Potential Adjustment Event.

Following the declaration by the Share Company or Basket Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a dilutive or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment(s), if any, to any one or more of any Relevant Assets and/or Entitlement and/or Strike Price and/or the number of Warrants and/or the Shares and/or the Basket of Shares and/or the Ratio and/or any other terms of these Terms and Conditions and/or the applicable Pricing Supplement, as the Calculation Agent in its absolute and sole discretion determines appropriate to account for that dilutive or concentrative effect, and (ii) determine the effective date(s) of the adjustment. The Calculation Agent may, but is in no way obliged to, determine the appropriate adjustment in respect of such Potential Adjustment Event by reference to the adjustment made by an options exchange or quotation system to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11, giving brief details of the adjustment and of the Potential Adjustment Event.

(ii) Merger Events, Nationalisation and Insolvency

If a Merger Event, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (A), (B) or (C) below:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Assets and/or the Entitlement and/or the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement to account for the Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but is in no way obliged to, determine the appropriate adjustment in respect of the Merger Event, Nationalisation or Insolvency by reference to the adjustment made by any options exchange or quotation system to options on the Shares traded on that options exchange or quotation system;
- (B) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 11. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant which amount shall be the fair market value of a Warrant at that time taking into account the Merger Event, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Strike Price, all as determined by or on behalf of the Calculation Agent in its sole and absolute discretion. The fair market value may be as low as nil. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11; or
- (C) following determination of the adjustment to be made to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select, require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Assets and/or the Entitlement and/or the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the adjustment made on the relevant exchange or quotation system. If options on the Shares are not traded on any exchange or quotation system, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by any recognised exchange or quotation system on which options on shares are traded for dealing with a Merger Event, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by that exchange if such options over the Shares were so traded.

- (iii) Upon the occurrence of a Merger Event, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 stating the occurrence of the Merger Event, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

19. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

Actual Exercise Date means in the case of American Style Warrants the date during the Exercise Period on which the Warrant is actually exercised or is deemed to be exercised (as is more fully set out in and subject to, Condition 4(a));

Additional Cash Settlement Amount shall have the meaning assigned thereto in Condition 4(b)(ii);

Affected Item shall have the meaning assigned thereto is the definition of “Valuation Date” below;

American Style Warrants means Warrants designated in the applicable Pricing Supplement as “American Style”;

Automatic Exercise shall have the meaning assigned thereto in Condition 5(b);

Averaging Date means, in respect of each Valuation Date, each date (if any) specified or otherwise determined as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Trading Day, the immediately following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any day which would otherwise be the Averaging Date pursuant to the preceding sentence, then:

- (a) if **Omission** is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Price provided that, if through the operation of this provision there would not be an Averaging Date with respect to the relevant Valuation Date then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Market Disruption Event then the relevant Settlement Date or the occurrence of a Merger Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or
- (b) if **Postponement** is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Market Disruption Event, then the relevant Settlement Date or the occurrence of a Merger Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Pricing Supplement:
 - (i) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the fifth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to the relevant Valuation Date then (A) that fifth Trading Day shall be deemed the Averaging Date (irrespective of whether that fifth Trading Day is already an Averaging Date and irrespective of the Market Disruption Event), and (B) the Calculation

Agent shall determine the relevant level or price for that Averaging Date either in respect of an Index Warrant in accordance with paragraph (a)(A) of the definition of Valuation Date, or in respect of a Share Warrant in accordance with paragraph (a)(B) of the definition of Valuation Date; and

- (ii) where the Warrants are Index Warrants relating to a Basket of Indices or Share Warrants relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by a Market Disruption Event shall be the day specified in the Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index or Share affected by the Market Disruption Event shall be the first succeeding Valid Date in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the fifth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to the relevant Valuation Date then (A) that fifth Trading Day shall be deemed the Averaging Date (irrespective of whether that fifth Trading Day is already an Averaging Date and irrespective of the Market Disruption) in relation to such Index or Share, and (B) the Calculation Agent shall determine the relevant level or amount for that Averaging Date either in accordance with, in the case of an Index Warrant, paragraph (b)(A) of the definition of Valuation Date, or in the case of a Share Warrant, paragraph (b)(B) of the definition of Valuation Date;

Basket means a basket of Shares or Indices, as the case may be;

Basket Company in the case of Share Warrants, shall have the meaning assigned thereto in Condition 18(a);

Basket of Indices in the case of Index Warrants, shall have the meaning assigned thereto in Condition 17(a);

Basket of Shares means a basket of Shares as specified in the applicable Pricing Supplement, and **Basket Shares** shall be interpreted accordingly;

Bidder shall have the meaning assigned thereto in the definition of “Merger Event” below;

Board Lot shall have the meaning assigned thereto in Condition 6(b);

Board Lot Payment shall have the meaning assigned thereto in Condition 6(b);

Business Day means a day (other than a Saturday or Sunday) on which banks are open for business in the relevant Business Day Centre(s) and Euroclear and/or Clearstream, Luxembourg is/are open for business;

Business Day Centre shall have the meaning specified in the applicable Pricing Supplement;

Call Warrants means Warrants designated as “Call Warrants” in the applicable Pricing Supplement;

Cash Settled Warrant means a Warrant which is settled by way of a cash payment;

Cash Settlement Amount means in relation to Cash Settled Warrants (or, if applicable, in relation to the Issuer’s option to vary settlement of Physical Delivery Warrants pursuant to Condition 4(d)), the amount to which the Warrantholder is entitled in the Settlement Currency as determined by the Calculation Agent pursuant to Condition 4(b);

Cedcom shall have the meaning assigned thereto in Condition 5(a);

Definitive Warrants means Warrants issued in definitive form;

Definitive Warrant Certificate means a certificate representing a Definitive Warrant;

Delivery Notice shall have the meaning assigned thereto in Condition 5(e);

Delivery Notice Date shall have the meaning assigned thereto in Condition 5(e);

Disruption Cash Settlement Price in respect of any relevant Warrant shall be the fair market value of such Warrant (taking into account, where the Settlement Disruption Event affected some, but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered, the value of such affected Relevant Assets), less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Strike Price (or, where as provided above some Relevant Assets have been delivered, and a pro rata portion thereof has been paid, such pro rata portion if appropriate);

Distribution Ratio shall have the meaning assigned thereto in Condition 4(b)(ii);

Entitlement means, in relation to a Physical Delivery Warrant (or, if applicable, in relation to the Issuer's option to vary settlement of Cash Settled Warrants pursuant to Condition 4(d)), the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant following payment of the Strike Price (and any other sums payable) rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, as determined by the Calculation Agent, including any documents (if any) evidencing such Entitlement;

Euclid shall have the meaning assigned thereto in Condition 5(a);

European Style Warrants means Warrants designated in the applicable Pricing Supplement as "European Style";

Exchange Rate means the applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Cash Settlement Amount, as specified in the applicable Pricing Supplement;

Exercise Date means, in the case of European Style Warrants, the date upon which the Warrants are exercisable as specified in the applicable Pricing Supplement;

Exercise Expenses shall have the meanings assigned thereto in Condition 5(c)(1) and 5(c)(2);

Exercise Notice shall have the meaning assigned thereto in Condition 5(a);

Exercise Period means, in respect of American Style Warrants, the period during which the Warrants can be exercised as specified in the applicable Pricing Supplement;

Expiration Date shall have the meaning assigned thereto in Condition 4(a);

Force Majeure Event shall have the meaning assigned thereto in Condition 7(a);

Government Authority means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Guarantor means Morgan Stanley (including its successors or assigns) as guarantor of the Issuer's obligations under any series of Warrants pursuant to the Master Guarantee;

holder of Warrants shall have the meaning assigned thereto in Condition 1(b);

Index or **Indices** shall have the meaning assigned thereto in Condition 17(a) means the index or indices specified in the applicable Pricing Supplement;

Index Warrant means a Warrant relating to one or more specified Indices;

Information Memorandum means the information memorandum to be published by the Issuer in connection with its Programme for the issue of Warrants;

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency, of or any analogous proceeding affecting, the Share Company or Basket Company, as the case may be: (i) all the Shares of that Share Company or Basket Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official; or (ii) holders of the Shares of that Share Company or Basket Company, as the case may be, become legally prohibited from transferring them;

Local Currency shall have the meaning assigned thereto in Condition 7(a)(iii);

Manager means the manager appointed by the Issuer in connection with the issue of a particular series of Warrants;

Market Disruption Event in relation to Index Warrants, shall have the meaning assigned thereto in Condition 17 and, in relation to Share Warrants, shall have the meaning assigned thereto in Condition 18;

Master Guarantee means the guarantee dated as of November 27, 2003 made by the Guarantor in favour of Warrantheolders in respect of the Issuer's obligations in relation to any Warrants issued by it under the Programme;

Maximum Exercise Number means, in relation to American Style Warrants, the maximum number of Warrants that may be exercised on any day by any Warrantheolder or group of Warrantheolders (whether or not acting in concert) as specified in the applicable Pricing Supplement;

Merger Date means, in respect of a Merger Event, the date upon which the Calculation Agent determines that a Merger Event has occurred in respect of an issuer of any Shares in respect of any Warrant;

Merger Event means, in respect of any relevant Shares, any offer by, invitation to make an offer by, or other arrangement with, a person (the **Bidder**):

- (i) to reclassify or change all or substantially all such Shares that, if accepted, made or effected (and, in the case of an invitation made, accepted) by or with all or substantially all holders of such Shares, would result in a transfer of or an irrevocable commitment to transfer all or substantially all of such Shares outstanding, or would result in a cancellation of all or substantially all such Shares outstanding on terms that new shares are issued to the Bidder or any entity controlled, directly or indirectly, by the Bidder;

- (ii) to consolidate, amalgamate or merge the Share Company or Basket Company, as the case may be, with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company or Basket Company, as the case may be, is the continuing entity and which would not result in any such reclassification or change of all or substantially all of such Shares outstanding); or
- (iii) to takeover all or substantially all such Shares that, if accepted, made or effected (and, in the case of made, accepted) by all or substantially all holders of such Shares, would result in a transfer of or an irrevocable commitment to transfer all or substantially all such Shares (other than such Shares owned or controlled by the Bidder),

which, in any such case, the Calculation Agent determines in its absolute discretion has been accepted or implemented such that:

- (A) a majority of such Shares of the relevant Share Company or Basket Company, as the case may be, or any shares issued in respect of such Shares of the relevant Share Company or Basket Company, as the case may be, are controlled, directly or indirectly, by (or on behalf of), the Bidder;
- (B) the Share Company or Basket Company, as the case may be, consolidates, amalgamates or merges with or into another entity; or
- (C) a majority of such Shares of the relevant Share Company or Basket Company, as the case may be, are taken over, directly or indirectly, by or on behalf, of the Bidder,

where in each case, the Calculation Agent determines that such event occurs on or before, in the case of Physical Delivery Warrants, the relevant Actual Exercise Date or, in any other case, the final Valuation Date or, where Averaging is specified in the applicable Pricing Supplement, the final Averaging Date in respect of the relevant Warrant. For the purposes of this provision, references to Shares in the phrase “all or substantially all the Shares” and analogous expressions shall exclude (x) those Shares controlled directly or indirectly by or on behalf of the Bidder and (y) those Shares held by persons in respect of which it is unlawful, under the laws of any jurisdiction, to make any such offer, invitation to offer, arrangement or takeover;

Minimum Exercise Number means, in relation to American Style Warrants, the minimum number of Warrants that may be exercised on any day by any Warrantholder as specified in the applicable Pricing Supplement;

Minimum Trading Amount means, in relation to Warrants to be listed on either the Luxembourg Stock Exchange or the Cayman Islands Stock Exchange, the minimum number of Warrants that may be traded on the relevant stock exchange in a single transaction as specified in the applicable Pricing Supplement;

Modified Postponement shall have the meaning assigned thereto in the definition of Averaging Date in this Condition 19;

Nationalisation means that all the Shares or all the assets or substantially all the assets of the Share Company or Basket Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any Governmental Authority;

New Issuer shall have the meaning assigned thereto in Condition 14;

Omission shall have the meaning assigned thereto in the definition of Averaging Date in this Condition 19;

Physical Delivery Warrant means a Warrant which is settled by way of physical delivery of the Relevant Asset or Relevant Assets, as the case may be;

Postponement shall have the meaning assigned thereto in the definition of Averaging Date in this Condition 19;

Programme means the Issuer's warrant programme referred to in this Information Memorandum;

Proceedings shall have the meaning assigned thereto in Condition 16;

Put Warrants means Warrants designated as "Put Warrants" in the applicable Pricing Supplement;

Quota shall have the meaning assigned thereto in Condition 6(a)(ii);

Ratio shall have the meaning specified in the applicable Pricing Supplement;

Register shall have the meaning assigned thereto in Condition 1(b);

Related Exchange means, in relation to Index Warrants and Share Warrants, the stock exchange(s) as specified in the applicable Pricing Supplement;

Relevant Asset or Relevant Assets means, in the case of Physical Delivery Warrants, the relevant asset or relevant assets to which the Warrants relate as specified in the applicable Pricing Supplement;

Relevant Clearance System means, in respect of a Relevant Asset the subject of a Physical Delivery Warrant, the clearance system specified as such for such Relevant Asset in the Pricing Supplement, or any successor to such clearance system. If the Pricing Supplement does not specify a Relevant Clearance System, the Relevant Clearance System will be the principal domestic clearance system customarily used for settling trades in the Relevant Asset. If the Relevant Clearance System ceases to clear such Relevant Asset, the Calculation Agent shall determine the manner of delivery of such Relevant Asset and shall promptly following such determination, give notice thereof to the Warrantholders in accordance with Condition 11;

Relevant Exchange means, in relation to Index Warrants and Share Warrants, the stock exchange(s) as specified in the applicable Pricing Supplement;

Relevant Time means the time specified on the Valuation Date or the Averaging Date for the calculation of the Settlement Price (if applicable), as set out in the applicable Pricing Supplement or if no such time is specified, the close of trading on the Relevant Exchange;

Scheduled Averaging Date shall have the meaning assigned thereto in the definition of Averaging Date in this Condition 19;

Scheduled Valuation Date shall have the meaning assigned thereto in the definition of "Valuation Date" below;

Settlement Business Day in respect of Physical Delivery Warrants, shall have the meaning specified in the applicable Pricing Supplement or if not specified, shall mean Business Day;

Settlement Currency means the settlement currency for the payment of the Cash Settlement Amount, as set out in the applicable Pricing Supplement;

Settlement Date means, subject to Condition 4(c)(ii), the date specified in the applicable Pricing Supplement;

Settlement Disruption Event in relation to a Relevant Asset, means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which either it is not practicable for the Issuer to make delivery of the Relevant Asset(s) using the method specified in the applicable Pricing Supplement or the Relevant Clearance System cannot clear the transfer of such Relevant Assets;

Settlement Price means the settlement price of a Warrant, as specified in the applicable Pricing Supplement;

Share Company shall have the meaning assigned thereto in Condition 18;

Shares and **Share** shall have the meaning assigned thereto in Condition 18;

Share Warrant means a Warrant relating to one or more Shares as specified in the applicable Pricing Supplement;

Sponsor means the sponsor specified in the applicable Pricing Supplement;

Successor Sponsor shall have the meaning assigned thereto in Condition 17(c)(i);

Strike Price means the strike price of the Warrant as set out in the applicable Pricing Supplement;

Trading Day means any day that is or, but for the occurrence of a Market Disruption Event would have been, a trading day on the Relevant Exchange other than a day on which trading on the Relevant Exchange is scheduled to close prior to its regular closing time on that day;

Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur;

Valuation Date means the date (including each Averaging Date, if any, in respect of that Valuation Date) specified as such in the applicable Pricing Supplement unless, in the opinion of the Calculation Agent, a Market Disruption Event in respect of any Index Warrant or Share Warrant, has occurred on that day. If there is a Market Disruption Event on that day, then:

- (a) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share, the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine:
 - (A) in the case of Index Warrants relating to a single Index, the level of the Index as of the Valuation Time on that fifth Trading Day in accordance with (subject to Condition 17(c)) the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the exchange traded price (or if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the exchange traded price (which may be nil) that would have prevailed but for that suspension or limitation) as of the Valuation Time on that fifth Trading Day of each security comprised in the Index; and

- (B) in the case of Share Warrants relating to a single Share, its good faith estimate of the exchange traded price for the Share (which may be nil) that would have prevailed but for the Market Disruption Event as of the Valuation Time on that fifth Trading Day; or
- (b) where the Warrants are Index Warrants relating to a Basket of Indices or Share Warrants relating to a Basket of Shares, the Valuation Date for each Index or Share, as the case may be, not affected by a Market Disruption Event shall be the original date which (but for the Market Disruption Event) would have been the Valuation Date (the **Scheduled Valuation Date**) and the Valuation Date for each Index or Share, as the case may be, affected (each an **Affected Item**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to the Affected Item, unless there is a Market Disruption Event relating to the Affected Item, occurring on each of the five Trading Days immediately following the Scheduled Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine:
 - (A) in the case of an Index, the level of that Index as of the Valuation Time on that fifth Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the commencement of the Market Disruption Event using the exchange traded price (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the exchange traded price (which may be nil) that would have prevailed but for that suspension or limitation) as of the Valuation Time on that fifth Trading Day of each security comprised in that Index; or
 - (B) in the case of a Share, its good faith estimate of the exchange traded price (which may be nil) for the Affected Item that would have prevailed but for the occurrence of the Market Disruption Event as of the Valuation Time on that fifth Trading Day,

and otherwise in accordance with the above provisions;

Valuation Time means the Relevant Time specified in the applicable Pricing Supplement or, if no Relevant Time is specified, the close of trading on the Relevant Exchange;

Warrant Agreement means the master warrant agreement between the Issuer, Morgan Stanley and the Agents dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time); and

Warrantholder shall have the meaning assigned thereto in Condition 1(b).

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Warrants, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

The specified offices of the Warrant Agents at the date hereof are as follows:

In the case of the Principal Warrant Agent
Morgan Stanley Dean Witter Asia Limited
30th Floor
Three Exchange Square
Central
Hong Kong
(Attention: Equity Documentation Group)

In the case of the Luxembourg Warrant Agent
Dexia Banque Internationale à Luxembourg
69 route d'Esch
L-2953
Luxembourg
(Attention: New Issues - Transactional Execution Group)

FORM OF RULE 144A WARRANT PRICING SUPPLEMENT

The Pricing Supplement relating to each issue of Rule 144A Warrants will be substantially in the form set out below and will contain (without limitation) such of the following information as is applicable in respect of such Rule 144A Warrants. All references to numbered conditions are to the terms and conditions of the Rule 144A Warrants set out in Annex 3 of the Warrant Agreement (as defined in the Rule 144A Conditions) and reproduced in the Information Memorandum and words and expressions defined in those terms and conditions shall have the same meaning in the applicable Rule 144A Warrant Pricing Supplement.

CONFIDENTIAL

Morgan Stanley

(incorporated in Delaware, U.S.A.)

The Warrants have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state in the United States. The Issuer may offer, sell or deliver Warrants to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) reasonably believed by the Issuer to be qualified institutional buyers (each a QIB) as defined in Rule 144A under the Securities Act (Rule 144A). Each purchaser of Warrants being offered to, or for the account or benefit of a U.S. person is hereby notified that the offer and sale of such Warrants is being made in reliance upon an exemption from the registration requirements of the Securities Act. The Warrants are eligible for purchase by Plans (as defined herein) subject to certain conditions. See “ERISA Considerations for Rule 144A Warrants and Unitary Warrants” herein. All purchasers of Warrants must provide certain representations to the Manager in the form attached to this Pricing Supplement as Appendix A prior to their purchase of the Warrants.

[Additional legends related to particular issue of Warrants]

[Details of particular issue of Warrants]

This Pricing Supplement is prepared in connection with the Warrant Programme of MSDW Asia Securities Products LLC, Morgan Stanley (the **Issuer**) and is supplemental to, and should be read in conjunction with, the Information Memorandum dated November 27, 2003 (the **Information Memorandum**). The terms and conditions of the Warrants (the **Conditions**) described herein are as set out in Annex 3 of the master warrant agreement between the Issuer, MSDW Asia Securities Products LLC and the Agents dated November 27, 2003 (the **Warrant Agreement**), as supplemented by and modified by this Pricing Supplement. Terms defined in the Conditions have the same meaning when used in this Pricing Supplement. Where the context permits, terms used in Part A of this Pricing Supplement shall be deemed to be defined as such for the purposes of the Conditions.

Except as disclosed in the Information Memorandum (including in any document incorporated by reference therein) and save as disclosed herein, there has been no material adverse change in the financial position of the Issuer since the date of its last fiscal year end.

To the best of the knowledge and belief of the Issuer (which has made reasonable enquiry) there are no facts which would make any statement in this Pricing Supplement (subject as mentioned herein), as of its date, misleading, and the Issuer accepts responsibility for the information contained in this Pricing Supplement except as mentioned herein.

The information contained herein with regard to the underlying assets to which the Warrants relate consists of extracts from or summaries of information that are publicly available. Except as mentioned herein, the Issuer accepts responsibility for accurately reproducing and/or summarising the information relating to the underlying assets to which the Warrants relate, which information is more particularly described in Part B hereto. The Issuer accepts no further or other responsibility in respect of such information.

The Luxembourg Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

Part A — Information about the Warrants

1. (a)	The series number of the Warrants;	
1. (b)	Whether or not the Warrants are to be consolidated and form a single series with the warrants of an existing series;	
2.	Description of the Warrants which may be Share Warrants or any other type of Warrant;	
3.	Whether the Warrants are American Style Warrants or European Style Warrants;	
4.	Whether the Warrants are Call Warrants or Put Warrants or other;	
5.	The number of Warrants being issued;	
6.	The issue price per Warrant;	
7.	The Launch Date of the Warrants;	
8.	The Issue Date of the Warrants;	
9.	The Strike Price per Warrant;	
10.	The Settlement Price per Warrant (if different from the definition in Condition 3(b))	
11.	The Interim Payment Amounts (if different from the definition in Condition 17);	
12.	The Applicable Cash Dividends (if different from the definition in Condition 17);	

13.	Additional provisions for calculating the Settlement Price when a Market Disruption Event (as defined in Condition 17) occurs (if different from Condition 17(b));	
14.	The Cash Settlement Amount per Warrant, (if different from Condition 3(b));	
15.	The Settlement Date (if different from Condition 17);	
16.	In the case of European Style Warrants, the Exercise Date for the Warrants; provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day;	
17.	In the case of American Style Warrants, the Exercise Period in respect of the Warrants;	
18.	In the case of American Style Warrants, the Actual Exercise Date in respect of the Warrants (if different from Condition 3(a)(i));	
19.	In the case of American Style Warrants, the Expiration Date for the Warrants (if different from Condition 3(a)(i));	
20.	In the case of American Style Warrants, whether Automatic Exercise will apply;	
21.	The Share Amount which shall be applied to ascertain the Cash Settlement Amount (as defined in Condition 17) for each Warrant (such Share Amount shall be subject to adjustment in accordance with Condition 16(c));	
22.	The applicable Business Day Centre(s) for the purpose of the definition of Business Day in Condition 17;	[must always include Hong Kong]
23.	The Spot Exchange Rate for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Cash Settlement Amount and details of when and how such rate is to be ascertained;	
24.	The Settlement Currency for the payment of the Cash Settlement Amount;	
25.	The Local Currency in respect of the Shares or the currency equivalent thereof (if different);	

26.	The Relevant Jurisdiction of the Share Company;	
27.	Qualified Investor (if different from Condition 17);	
28.	Details of any additional or alternative clearing system(s);	
29. (a)	The Minimum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder;	
29. (b)	The integral multiples of Warrants exercisable;	
29. (c)	In the case of American Style Warrants, the Maximum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert);	
30.	The Minimum Trading Amount of Warrants;	
31.	Definition of Early Exercise Event (if different from Condition 6);	
32.	Definition of Payment Disruption Event (if different from Condition 7);	
33.	Whether the Warrants are to be listed on the Luxembourg Stock Exchange or any other exchange(s);	
34.	Any other special conditions and any other additions or modifications to the Conditions;	[Insert any additional terms including a specified tax rate other than the “maximum statutory rate”, if required]
35.	Details of any additional U.S. selling restrictions;	
36.	Details of any selling restrictions to apply in addition to the selling restrictions set out on pages 157-159 of the Information Memorandum;	
37.	The method of distribution of the Warrants (syndicated or non-syndicated) including, if any, the names of any Managers other than or in addition to Morgan Stanley & Co. International Limited (MSIL);	
38.	The ISIN, if applicable;	
39.	The Common Code, if applicable;	

40.	Where any additional or alternative clearing system(s) has/have been specified in paragraph 27 above, any relevant security code or other code;	
41.	Details of the Principal Warrant Agent if not Morgan Stanley Dean Witter Asia Limited;	
42.	Responsibility Statement;	The Issuer accepts responsibility for the information contained in this Pricing Supplement, subject as provided below. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Information Memorandum, as amended and/or supplemented by this Pricing Supplement in relation to the Warrants, is (subject as provided below) true and accurate in all material respects and, in the context of the issue of the Warrants there are no other material facts the omission of which would make any statement in such information misleading.

		<p>The information included in Part B (the Information) consists of extracts from or summaries of information that is publicly available in respect of the underlying assets and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarising the Information. No further or other responsibility (express or implied) in respect of the Information is accepted by the Issuer. The Issuer makes no representation that the Information, any other publicly available information or any other publicly available documents regarding the underlying assets to which the Warrants relate are accurate or complete. There can be no assurance that all events occurring prior to the date of this Pricing Supplement that would affect the trading price of the underlying assets to which the Warrants relate (and therefore the trading price and value of the Warrants) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying assets to which the Warrants relate could affect the trading price and value of the Warrants.</p>
43.	Material Adverse Change;	<p>Except as disclosed in the Information Memorandum (including any document deemed to be incorporated by reference therein) there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole, and no significant change in the financial or trading position of the Issuer since the date of the most recently published audited annual financial statements of the Issuer [Give details of any such material adverse change].</p>

44.	Proceedings;	Except as disclosed in the Information Memorandum (including any document deemed to be incorporated by reference therein), the Issuer is not (whether as defendant or otherwise) engaged in any legal, arbitration, administration or other proceedings, the result of which might have or have had a significant effect on the financial position or the operations of the Issuer and its subsidiaries taken as a whole/[Give details of any such litigation].
45.	Manager of the Warrants.	<p>The Manager of the Warrants is Morgan Stanley & Co. International Limited.</p> <p>The dealer in the United States for underwritten offerings of the Warrants is Morgan Stanley & Co. Incorporated, acting as principal. Morgan Stanley & Co. Incorporated does not receive any compensation for the sales in which it participates.</p>

Part B: [Insert relevant details in respect of the underlying assets and specify the nature of the responsibility taken by the Issuer for the information relating to the underlying assets]

APPENDIX A

PURCHASER CERTIFICATE

The undersigned, _____, _____ of _____
[Name] [Title] [Name of Investment Manager]

(the "Investment Manager"), hereby certifies to Morgan Stanley, Morgan Stanley & Co. Incorporated and Morgan Stanley & Co. International Limited (collectively, the "Morgan Stanley Entities") that, in connection with the sale or other transfer of the [no.] [Share Company] [American/European] Style Cash Settled [Call/Put] Warrants of Morgan Stanley (CUSIP No. to be confirmed) (the "Warrants") to the beneficial owners (each a "Purchaser") for whom the Investment Manager is acting:

- I. (A) each Purchaser is fully authorized by its organizational documents to purchase the Warrants, and this Purchaser Certificate has been duly executed by one or more persons duly authorized pursuant to such documents, and the purchase of the Warrants by such Purchaser does not contravene the organizational documents of such Purchaser or the Investment Manager or any provision of any law or regulation applicable to such Purchaser or the Investment Manager;
- (B) the Investment Manager and each Purchaser has prior knowledge and experience in investing in securities in [Relevant Jurisdiction] or securities the value of which is derived by reference to securities in [Relevant Jurisdiction];
- (C) the Investment Manager has, without reliance on, or advice from, the Morgan Stanley Entities, and based solely on such information obtained by such Investment Manager independently of the Morgan Stanley Entities (which was sufficient to make its investment decision), independently decided, as an investment decision consistent with the investment criteria and guidelines applicable to it and to each Purchaser, to obtain equity exposure to [Shares] on behalf of each Purchaser independent of its decision to purchase the Warrants and, as a result of such decision, has independently initiated with the Morgan Stanley Entities the transaction in the Warrants;
- (D) the Investment Manager and each Purchaser has consulted with its own advisors as to the legal, regulatory, tax, business, financial, accounting and related aspects of a purchase of the Warrants by each Purchaser to the extent it has deemed necessary in order to make its own decision to invest in the Warrants, the value of which is derived from the value of the [Shares], and to make its own determination as to the suitability of such an investment;
- (E) none of the Morgan Stanley Entities nor any of their affiliates has given the Investment Manager or any Purchaser (directly or indirectly through any other person or entity) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return or performance of an investment in [Shares] or the Warrants;
- (F) each Purchaser and the Investment Manager has read Pricing Supplement (Pricing Supplement No. to be confirmed) dated [●], 200[●] (the "Pricing Supplement") and the accompanying Information Memorandum dated November 27, 2003, is fully cognizant of and understands, the terms of and risks associated with an investment in the Warrants, and has such knowledge and experience in financial business matters generally as to be capable of evaluating the merits and risks of an investment in the Warrants, and each Purchaser is capable of and willing to assume (financially and otherwise) those risks; and

- (G) the Investment Manager may seek to purchase additional Warrants from time to time on behalf of all or some of the beneficial owners specified in the Appendix to this Purchaser Certificate (the "Potential Purchasers"). The Investment Manager and the Potential Purchasers hereby acknowledge that there is no obligation on the part of the Morgan Stanley Entities to sell additional Warrants to the Investment Manager or the Potential Purchasers at such time;
 - (H) the Investment Manager and the Potential Purchasers hereby acknowledge that the purchase price of the additional Warrants may differ from that for this series of Warrants;
 - (I) the Investment Manager and each Purchaser understand that the Morgan Stanley Entities may, from time to time, have published or may in the future publish research reports with respect to [Share Company] securities and that these research reports may or may not recommend that investors buy or hold securities of [Share Company]; and the Investment Manager and each Purchaser acknowledge that the Morgan Stanley Entities do not undertake to inform the Investment Manager or any Purchaser of any changes (either positive or negative) to any recommendations contained in any such future research reports, if any;
 - (J) the Investment Manager and each Purchaser further represents and warrants that each Purchaser is a Qualified Institutional Buyer (**QIB**), as defined in Rule 144A under the Securities Act of 1933, as amended (the **Securities Act**), and will advise the Issuer and the Guarantor, as applicable, if for any reason it ceases to be such a QIB as of the issue date of the Warrants and is purchasing the Warrants for its own account or for the accounts of one or more persons each of whom is a QIB; and
 - (K) the Investment Manager and each Purchaser in respect of the additional Warrants hereby represents that the representations contained herein shall be deemed to be repeated in full in respect of any purchase of the additional Warrants and hereby acknowledges that if the Morgan Stanley Entities enter into sales of any such additional Warrants, they will do so in reliance on the deemed repetition of the representations contained herein.
- II. The Investment Manager, each Purchaser, and any other fiduciary of any such Purchaser causing it to acquire the Warrants, hereby represents, in its corporate and fiduciary capacity, that on each day from the date of its acquisition of the Warrants and additional Warrants, if any, through and including the date of its disposition of such Warrants either:

(Investment Manager to check box (1) or (2) as appropriate)

- ☐ (1) it is not a Plan or acting on behalf of or investing the assets of any Plan, or
- ☐ (2) its acquisition, holding and disposition of the Warrants: (a) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (b) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar law).

"Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to

the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise. The Investment Manager and any Purchaser, and any fiduciary of any such Purchaser causing it to acquire the Warrants, agrees to indemnify and hold harmless the Morgan Stanley Entities and their affiliates from any cost, damage or loss incurred by them as a result of any of the representations made in this Part II being or becoming untrue. Any transfer of the Warrants in violation of this Part II will be of no force and effect, will be *void ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instruction to the contrary to the Morgan Stanley Entities, the Trustee/Warrant Agent (as defined in the Pricing Supplement) or any intermediary.

The Investment Manager represents and warrants that it has the authority to sign this certificate and make the above certifications on behalf of each Purchaser.

[Name of Investment Manager]

By: [Name]

Title:_____

● of Warrants

Date:_____

Appendix

List of specified beneficial owners

[]

TERMS AND CONDITIONS OF THE RULE 144A WARRANTS

The following is the text of the Rule 144A Warrant Conditions (as amended, supplemented or varied from time to time) that will be incorporated by reference into each Rule 144A Global Warrant. The Rule 144A Warrant Pricing Supplement in relation to an issue of Rule 144A Warrants supplements the following Rule 144A Warrant Conditions and may specify other terms and conditions that shall to the extent so specified or to the extent inconsistent with the following Rule 144A Warrant Conditions supplement, replace or modify the following Rule 144A Warrant Conditions for the purpose of such Rule 144A Warrants.

The Warrants of this series (such Warrants being hereinafter referred to as the **Warrants**) are constituted by a Rule 144A global warrant (a **Global Warrant**) and are issued pursuant to a master warrant agreement dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time) (the **Warrant Agreement**) between MSDW Asia Securities Products LLC (**MSDWASP**), Morgan Stanley (the **Issuer**), Morgan Stanley Dean Witter Asia Limited as principal warrant agent (the **Principal Warrant Agent**), Dexia Banque Internationale à Luxembourg as a warrant agent in Luxembourg (the **Luxembourg Warrant Agent**) (the Principal Warrant Agent and the Luxembourg Warrant Agent, together with any additional warrant agent appointed by MSDWASP and the Issuer, the **Warrant Agents**; which expression shall include any additional or successor warrant agents), and Morgan Stanley & Co. International Limited as calculation agent (in such capacity, the **Calculation Agent** (which expression shall include any additional or successor calculation agents) and together with the Warrant Agents, the **Agents**).

The Warrants may be sold to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) that are qualified institutional buyers (each a **QIB**) as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**).

Except as specified in the following paragraph or in the applicable Pricing Supplement, no Warrants in definitive form will be issued. Each Global Warrant will be deposited with a depository common to Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and specified in the applicable Pricing Supplement or notified to the Warrantholders in accordance with Condition 11 of the Terms and Conditions of the Warrants (such conditions being hereinafter defined for purposes of this section as a **Condition** or the **Terms and Conditions**).

The Global Warrant will be exchangeable in whole but not in part (free of charge to the Warrantholders) for definitive warrants (**Definitive Warrants**) in registered form if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 Business Days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Issuer and the Principal Warrant Agent is available, in which case the Issuer will deliver, or arrange delivery of, Definitive Warrants in registered form, serially numbered to the Warrantholders. In such event, the Issuer may give notice to the Warrantholders in accordance with Condition 11 of such additional terms and conditions as it considers appropriate in respect of the transfers of such Definitive Warrants, the register in respect thereof, the procedures and time for exercise and payment and/or delivery thereof or thereon and such other matters as it determines are necessary.

The Pricing Supplement for the Warrants will be attached to the Global Warrant and shall supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Warrants. References herein to the **applicable Pricing Supplement** are to the Pricing Supplement or Pricing Supplements (in the case of any further warrants issued pursuant to Condition 13 and forming a single series with the Warrants) attached to the Global Warrant or, as the case may be, the Definitive Warrant Certificate.

Copies of the Warrant Agreement (which contains the form of the Pricing Supplement) and the Pricing Supplement applicable to the Warrants are available at the specified office of each Warrant Agent.

Words and expressions defined in the Warrant Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders (as defined in Condition 1(b)) are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Warrant Agreement and the applicable Pricing Supplement.

1. Type, Title and Transfer

(a) Type

The Warrants are Share Warrants, or any other or further type of warrants as specified in the applicable Pricing Supplement. Certain terms that will, unless otherwise varied in the applicable Pricing Supplement, specifically apply to Share Warrants, are set out in Condition 16.

The applicable Pricing Supplement will indicate whether the Warrants are American Style Warrants or European Style Warrants and whether the Warrants are Call Warrants or Put Warrants or such other type as may be specified in the applicable Pricing Supplement.

(b) Title to Warrants

In the case of Warrants represented by a Global Warrant, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated for all purposes by the Issuer, any Warrant Agent, Euroclear and/or Clearstream, Luxembourg, and all other persons dealing with such person as the holder of such amount of Warrants (and the expressions **Warrantholder** and **holder of Warrants** shall be construed accordingly).

In the case of Definitive Warrants, the Issuer shall cause to be kept at the specified office of the Principal Warrant Agent (outside the United Kingdom) a register (the **Register**) on which shall be entered the names and addresses of all holders of Definitive Warrants, the number and type of the Definitive Warrants held by them and details of all transfers of Definitive Warrants.

In respect of Definitive Warrants, the persons shown in the Register (each a **Warrantholder**) shall (except as otherwise required by law) be treated as the absolute owners of the relevant Definitive Warrants for all purposes (regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating such person (and the expression **Warrantholders** and **holder of Warrants** and related expressions shall be construed accordingly).

(c) *Transfers of Warrants*

All transactions (including transfers) involving the Warrants (other than Definitive Warrants) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 4.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and notified to the Warrantholders in accordance with Condition 11.

The number of Warrants that may be transferred by a Warrantholder must be equal to the Minimum Trading Amount and any integral multiple thereof or of such other number, each as specified in the applicable Pricing Supplement.

Transfers or exchanges of Warrants represented by a Global Warrant to or for Warrants represented by the same or another Global Warrant may be made only:

- (i) (A) in the United States to a QIB purchasing for its own account or for the account or benefit of a U.S. person who is a QIB who acquired such Warrants in a transaction meeting the requirements of Rule 144A; or (B) to the Issuer or any affiliate thereof; and
- (ii) to a transferee or an exchange representing or deemed to represent that either:
 - (A) it is not a Plan or acting on behalf of or investing the assets of any Plan, or
 - (B) its acquisition, holding and disposition of the Warrants (a) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar federal, state or local law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (b) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar federal, state, local, non-U.S. or other laws or regulations that are substantially similar to ERISA or the Code).

"Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of

ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise; and

- (iii) in accordance with any applicable rules and regulations from time to time of the Principal Warrant Agent, Euroclear and Clearstream, Luxembourg.

The Warrantholder must send to Euroclear or Clearstream, Luxembourg, as the case may be, a free of payment instruction not later than 10.00 a.m. (Brussels or Luxembourg time, as the case may be) one Brussels Business Day or Luxembourg Business Day, as the case may be, prior to the date on which the transfer or exchange is to take effect.

In the case of a transfer, separate payment arrangements are required to be made between the transferor and the transferee.

On the transfer or exchange date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will instruct the Principal Warrant Agent to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to credit the relevant account of the Euroclear or Clearstream, Luxembourg participant, as the case may be.

If at any time the Principal Warrant Agent determines or is notified by the Issuer or any of its affiliates that (i) a transfer or attempted or purported transfer of any interest in a Warrant was not consummated in compliance with the provisions of Condition 1(c), or (ii) there was a breach of any representation (at the time given) or agreement set forth in any certificate or letter or any deemed representation or agreement delivered or deemed to be made (at the time deemed made) by such purchaser, the purported transfer shall be absolutely null and void ***ab initio*** and shall vest no rights in such purchaser (being in such case, a ***Disqualified Transferee***) and the last preceding holder of such interest that was not a Disqualified Transferee shall be restored to all rights as a Warrantholder thereof retroactively to the date of purported transfer of such interest by such Warrantholder.

Definitive Warrants may be transferred at the office of the Principal Warrant Agent (outside the United Kingdom) during its official business hours. No transfer shall be registered for a period of 15 Business Days immediately preceding any due date for payment under the Warrants, the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants). The Principal Warrant Agent shall notify holders of Definitive Warrants of any restrictions that will apply in relation to a transfer of the Warrants prior to a date on which payments under the Warrants are to be made.

2. Status of the Warrants

The Warrants constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other direct, unsubordinated and unsecured obligations of the Issuer (other than those preferred by law).

3. Exercise Rights

(a) Exercise Period

(i) American Style Warrants

American Style Warrants are exercisable on any day that is both a Business Day and an Exchange Business Day during the Exercise Period.

In the case of Warrants represented by a Global Warrant, if, on any day that is both a Business Day and an Exchange Business Day during the Exercise Period, an Exercise Notice is delivered at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate), to Euroclear or Clearstream, Luxembourg, as the case may be, and a copy thereof is delivered at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) to the Principal Warrant Agent, such day shall be deemed to be the day of delivery of the Exercise Notice. If any such Exercise Notice is delivered to Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is delivered to the Principal Warrant Agent, after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any day that is both a Business Day and an Exchange Business Day, such Exercise Notice will be deemed to have been delivered on the next day that is both a Business Day and an Exchange Business Day, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 by 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the last day that is both a Business Day and an Exchange Business Day of the Exercise Period (the **Expiration Date**) and has not been automatically exercised in the manner set out in Condition 4(b) (if applicable), shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

In the case of Warrants represented by a Global Warrant, subject to (A) acceleration in relation to an Early Exercise Event or (B) postponement in relation to a Market Disruption Event, unless otherwise specified in the applicable Pricing Supplement, the day falling the seventh Exchange Business Day following the day of the delivery of the Exercise Notice to Euroclear or Clearstream, Luxembourg and the Principal Warrant Agent shall be the **Actual Exercise Date**.

Definitive American Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Warrant Agent. Any Exercise Notice which is delivered to the Principal Warrant Agent after 10.00 a.m., Hong Kong time, on any day that is both a Business Day and an Exchange Business Day during the Exercise Period will be deemed to have been deposited on the next day that is both a Business Day and an Exchange Business Day, provided that, subject to Condition 4(b), any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 or the applicable Pricing Supplement by 10.00 a.m., Hong Kong time on the Expiration Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

In the case of Definitive Warrants, subject to (A) acceleration in relation to an Early Exercise Event or (B) postponement in relation to a Market Disruption Event, unless otherwise specified in the applicable Pricing Supplement, the day falling the seventh Exchange Business Day following the delivery of the Exercise Notice to the Principal Warrant Agent shall be the Actual Exercise Date.

(ii) **European Style Warrants**

European Style Warrants represented by a Global Warrant will be automatically exercised in the manner set out in Condition 4(b). Any European Style Warrants represented by a Global Warrant which have not been automatically exercised in the manner set out in Condition 4(b) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Definitive European Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants on the Exercise Date to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Warrant Agent. Any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 or the applicable Pricing Supplement by 10.00 a.m., Hong Kong time on the Exercise Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

(b) *Cash Settlement Amount*

A Warrantholder, upon due exercise, will receive from the Issuer on the Settlement Date, in respect of each Warrant, a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

(i) in the case of Share Warrants:

- (A) if such Warrants are Call Warrants, unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency equal to (I) the product of (x) the average of the Settlement Price, expressed in the Settlement Currency, on each of the five Exchange Business Days prior to and including (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and (y) the Share Amount applicable on (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, minus (II) the Strike Price. Amounts in the Local Currency will be converted into the Settlement Currency at the Spot Exchange Rate on the relevant dates, as determined by the Calculation Agent; and
- (B) if such Warrants are Put Warrants, unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency equal to (I) the Strike Price minus (II) the product of (x) the average of the Settlement Price, expressed in the Settlement Currency on each of the five Exchange Business Days prior to and including (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and (y) the Share Amount applicable on (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable. Amounts in the Local Currency will be converted into the Settlement Currency at the Spot Exchange Rate on the relevant dates, as determined by the Calculation Agent.

The Calculation Agent will determine the Share Amount and the Cash Settlement Amount of the Warrants in its sole discretion; and

- (ii) in the case of any other type of warrants, the formula specified in the applicable Pricing Supplement.

(c) *Interim Payment Amount*

The Issuer will pay an amount in cash in respect of each Warrant equal to any then unpaid Interim Payment Amount in accordance with this Condition 3(c).

The Issuer will, or will cause the Calculation Agent to (i) provide written notice to the Warrant Agent, on or prior to 10.30a.m. New York City time, on the Business Day immediately succeeding the date any Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it, of the Interim Payment Amount to be paid with respect to each Warrant in relation thereto, and (ii) subject to the occurrence of a Payment Disruption Event, pay such Interim Payment Amount to the Warrant Agent in time for delivery to the Warrantholders on the Interim Payment Date.

Payment of an Interim Payment Amount shall be made to the Warrantholder on the applicable **Interim Payment Date**, being the third Business Day following the date the relevant Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it, subject to the Calculation Agent's right to postpone and/or cancel payment of any Interim Payment Amount if any Payment Disruption Event occurs.

If the Share Company fails to deliver to a Qualified Investor entitled to receive it any Applicable Cash Dividend Amount before the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants) (the **Applicable Cash Dividend Failure Date**), the Warrantholders will receive no payment in respect of any such unpaid Applicable Cash Dividend Amount, and the Issuer will, or will cause the Calculation Agent to, provide written notice to the Warrant Agent promptly after such Applicable Cash Dividend Failure Date.

The Calculation Agent will determine the Interim Payment Amount, if any, of the Warrants in its sole discretion.

(d) *General*

- (i) The Cash Settlement Amount and Interim Payment Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, and with amounts equal to or greater than 0.005, but less than 0.01 (or in the case of Japanese Yen, half a unit and amounts greater but less than a whole unit) being rounded upwards. Warrants exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.
- (ii) Neither the Calculation Agent nor the Issuer nor any Manager nor the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount, Interim Payment Amount or other amount whatsoever.
- (iii) The purchase of any Warrant does not confer on the Warrantholder any beneficial interest in the Shares, whether in respect of voting, distributions or otherwise.

4. Exercise Procedure

(a) *Automatic or Exercise Notice*

Warrants shall be exercisable, as specified in the applicable Pricing Supplement:

- (i) by way of Automatic Exercise in accordance with Condition 4(b) (**Automatic Exercise**); or
- (ii) by the delivery, or the sending by tested telex (confirmed in writing) (or, if the Warrants are held in Euroclear, by the Euroclear Information Distribution System (**Euclid**) and if the Warrants are held in Clearstream, Luxembourg, by the Cedel Communication System (**Cedcom**)), or such other method as is acceptable to Euroclear and/or Clearstream,

Luxembourg, of a duly completed exercise notice (an **Exercise Notice**) in the form set out in the Warrant Agreement or such other form as the Issuer shall determine (copies of which form may be obtained from Euroclear and/or Clearstream, Luxembourg and the Warrant Agents) to Euroclear and/or Clearstream, Luxembourg, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 3 and this Condition 4.

(b) *Automatic Exercise*

Automatic Exercise only applies to Warrants represented by a Global Warrant.

All European Style Warrants represented by a Global Warrant will be automatically exercised on the Exercise Date if the Warrants are in-the-money to the Warrantholder.

All of American Style Warrants represented by a Global Warrant, where Automatic Exercise is specified in the applicable Pricing Supplement, that remain unexercised after 10.00 a.m. (Brussels or Luxembourg time, as appropriate) on the Expiration Date will be automatically exercised on the Expiration Date if the Warrants are in-the-money to the Warrantholder.

(c) *Exercise Notice*

- (1) In the case of American Style Warrants represented by a Global Warrant, the Exercise Notice shall:
 - (i) specify the name(s) of the Warrantholder(s) exercising the Warrants;
 - (ii) specify the address(es) of the Warrantholder(s) exercising the Warrants;
 - (iii) specify the series number of the Warrants being exercised;
 - (iv) specify the number of Warrants being exercised (which shall not be less than the Minimum Exercise Number);
 - (v) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, from which to debit the Warrants being exercised;
 - (vi) irrevocably instruct Euroclear or Clearstream, Luxembourg as the case may be, to debit, on or before the Settlement Date, from the Warrantholder's account, the Warrants being exercised;
 - (vii) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg to be credited with the Cash Settlement Amount (if any) less Exercise Expenses (if any) for each Warrant being exercised relating to each Warrant being exercised;
 - (viii) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants (**Exercise Expenses**) and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses to the Issuer or as it may direct;

- (ix) include an undertaking to indemnify the Issuer and the Warrant Agents in respect of their respective losses in respect of any transfer or attempt to transfer such Warrants following exercise, as described in Condition 4(g); and
- (x) include an undertaking to provide such various forms of certification in respect of selling and transfer restrictions under the securities, commodities and other laws of the United States of America or other jurisdiction as indicated and set out in the applicable Pricing Supplement and an authorisation for the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (2) In the case of Definitive Warrants, the form of Exercise Notice required to be delivered will be different to the form referred to in Condition 4(a)(ii). Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Warrant Agents.

(d) *Exercise Notice — Verification of the Warrantholder*

On the day of delivery of an Exercise Notice, Euroclear and/or Clearstream, Luxembourg shall verify that the person exercising the Warrants is the holder thereof according to the records of Euroclear and/or Clearstream, Luxembourg. Subject thereto, and by 11.00 a.m. (Brussels or Luxembourg time, as appropriate) on the same day, Euroclear and/or Clearstream, Luxembourg will confirm by tested telex (or such other method as may be agreed from time to time) to the Principal Warrant Agent the number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount of each Warrant being exercised. The Principal Warrant Agent will inform the Issuer that it has received such confirmation.

In the event that the Warrants are held in definitive form, the Principal Warrant Agent will verify that the person exercising the Warrants is the holder thereof and will inform the Issuer of the relevant details.

Euroclear and/or Clearstream, Luxembourg will on the Settlement Date debit from the account of the relevant Warrantholder the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Principal Warrant Agent shall note such exercise on the Schedule to such Global Warrant and the number of Warrants so constituted shall be reduced pro tanto by the cancellation of the Warrants so exercised.

(e) *Settlement*

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) less any Exercise Expenses (if any) for each duly exercised Warrant to, in the case of Automatic Exercise, the Warrantholder's account with Euroclear and/or Clearstream, Luxembourg or, in the case of exercise by way of Exercise Notice, the account with Euroclear and/or Clearstream, Luxembourg specified in the relevant Exercise Notice, for value on the Settlement Date.

Settlement procedures, where applicable, in respect of Definitive Warrants will be specified in the applicable Pricing Supplement.

(f) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form, and at what time the Exercise Notice is received by Euroclear and/or Clearstream, Luxembourg, shall be made by the operator of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent and shall be conclusive and binding on the Issuer, the Warrant Agents and

the relevant Warrantholder. **Subject as set out below, if (i) the number of Warrants specified in an Exercise Notice exceeds the number of Warrants held in the relevant account with Euroclear or Clearstream, Luxembourg or (ii) any Exercise Notice is determined to be incomplete or not in proper form, or is not copied to the Principal Warrant Agent immediately after being delivered or sent to Euroclear and/or Clearstream, Luxembourg as provided in Condition 4(a)(ii), such Exercise Notice shall be null and void.**

If such Exercise Notice relates to Warrants represented by a Global Warrant and is subsequently corrected by the Warrantholder to the satisfaction of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Euroclear and/or Clearstream, Luxembourg and the Principal Warrant Agent or such time as the Exercise Notice is copied to the Principal Warrant Agent, as the case may be.

In the case of Definitive Warrants any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Principal Warrant Agent in good faith, and shall be conclusive and binding on the Issuer and the relevant Warrantholder. If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Principal Warrant Agent.

In the case of American Style Warrants, any Warrant with respect to which the Exercise Notice has not been duly completed or corrected in the manner set out above on or before the cut off time specified in Condition 3(a)(i) and has not been automatically exercised in the manner set out in Condition 4(b) (if applicable) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Euroclear and/or Clearstream, Luxembourg shall use their best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the case of Definitive Warrants, the Principal Warrant Agent will use its best efforts promptly to notify any Warrantholder who has submitted an Exercise Notice if the Principal Warrant Agent has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Warrant Agents and Euroclear and/or Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(g) Delivery of an Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice such exercising Warrantholder may not transfer such Warrants.

If any Warrantholder does so transfer or attempt to transfer such Warrants, such Warrantholder will be liable to the Issuer and the Warrant Agents for any losses, costs and expenses suffered or incurred by the Issuer, including, without limitation, those suffered or incurred as a consequence of it having terminated any related hedging transactions in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging transactions in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging transactions.

(h) *Exercise Risk*

Exercise of the Warrants (whether Automatic Exercise or by Exercise Notice) is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date, as applicable (in the case of American Style Warrants), and neither the Issuer nor the Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor any Manager nor the Warrant Agents shall under any circumstances be liable for any acts or defaults of Euroclear and/or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Warrants.

(i) *Restrictions*

If the Pricing Supplement for the relevant Warrants indicates or if specified in the Warrant Agreement, the exercise of those Warrants will be conditional upon the person exercising the Warrants providing to the Principal Warrant Agent, or such other person as may be specified, a certification in the form set out in such Pricing Supplement.

5. Minimum and Maximum Number of Warrants Exercisable

The number of American Style Warrants exercisable by any Warrantholder on any Actual Exercise Date must be equal to the Minimum Exercise Number or any integral multiple thereof or such other number, in each case as specified in the applicable Pricing Supplement, as determined by the Issuer. Any Exercise Notice which purports to exercise Warrants in an amount less than the Minimum Exercise Number or an integral multiple thereof shall be void and of no effect.

If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (the number equal to the Maximum Exercise Number being the **Quota**) as specified in the applicable Pricing Supplement, the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day, and the deemed Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date; provided however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where the aggregate number of Warrants exercised on the same day by two or more Warrantholders exceeds the Quota, the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

6. Early Exercise

(a) *Early Exercise Event*

Unless otherwise specified in the applicable Pricing Supplement, an **Early Exercise Event** shall have occurred if on or after the Issue Date of the Warrants, the Calculation Agent determines that:

- (i) the Government Authority in the Relevant Jurisdiction imposes or changes, or announces a decision to impose or change, a tax with respect to the ownership or disposition of Shares that would be applicable to a Qualified Investor;
- (ii) a Qualified Investor will not be able to maintain any consent or license required from a Government Authority for the ownership of the Shares;
- (iii) the ability of a Qualified Investor holding Shares to hold, sell, transfer, dispose of or otherwise realise value on such holding of Shares is prevented or materially hindered or

delayed due to either (A) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (B) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any type, riot, public demonstration, public protest or any other financial or economic reason or any other causes or impediments beyond the control of a Qualified Investor holding Shares; or

- (iv) an extraordinary corporate event has occurred including, without limitation (A) any reclassification or change of the Shares including, without limitation, as a result of the issuance of any tracking stock by the Share Company, (B) the Share Company or any Successor has been subject to a merger, combination or consolidation and is not the surviving entity, (C) any statutory exchange of securities of the Share Company or any Successor with another corporation occurs (other than pursuant to paragraph (iv)(B) above), (D) the Share Company is liquidated, (E) the Share Company issues to all of its shareholders equity securities of an issuer other than the Share Company (other than in a transaction described in paragraphs (iv)(B), (C) or (D) above), or (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Share Company.

Upon the occurrence of any event that constitutes more than one of an Early Exercise Event, a Market Disruption Event or any event that triggers the provisions in Condition 16(c), the Calculation Agent shall have sole discretion to determine which one or more of such events it shall be deemed to constitute.

(b) Issuer's Right following an Early Exercise Event

If an Early Exercise Event occurs, the Issuer shall have the right to accelerate (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable; and, in either case, the Calculation Agent may adjust the Cash Settlement Amount to be net of any taxes (based upon the maximum statutory rates) that would be imposed on a Qualified Investor by reason of Condition 6(a)(i), assuming a basis in each underlying Share equal to the market price of one Share on the Issue Date.

(c) Notice

If an Early Exercise Event occurs and the Issuer exercises its right to accelerate (i) in respect of European Style Warrants, the Exercise Date or (ii) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, the Issuer will send a notice to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Warrant Agent specifying (A) the nature of the Early Exercise Event, (B) the new Exercise Date (in the case of European Style Warrants) or the new Actual Exercise Date or the new Expiration Date, as applicable (in the case of American Style Warrants), and (C) the new Settlement Date.

7. Payment Disruption

Unless otherwise specified in the applicable Pricing Supplement, if the Calculation Agent determines that any of the following events has occurred either (i) after (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise

Date or Expiration Date, as applicable, but on or before the Settlement Date or (ii) after the date any Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it but on or prior to the applicable Interim Payment Date (each a **Payment Disruption Event**):

- (i) it becomes impracticable for a Qualified Investor, in accordance with normal commercial practices, to obtain a firm foreign exchange quote to convert the Local Currency into the Settlement Currency; or
- (ii) any exchange controls are imposed by the Government Authority in the Relevant Jurisdiction or any other jurisdiction that may adversely affect the ability of a Qualified Investor to expatriate the Local Currency or remit the Settlement Currency abroad; or
- (iii) any expropriation, confiscation, requisition, nationalisation or other action is taken or threatened by any Government Authority that would generally affect a Qualified Investor; or
- (iv) any analogous event as determined by the Calculation Agent,

the Calculation Agent may (in its absolute discretion) (A) defer payment of the Cash Settlement Amount for up to 30 days and (B) defer payment of any then unpaid Interim Payment Amount until the day falling 30 days after the Interim Payment Date, until such time as payment may be made in accordance with the terms of the Warrants. If a Payment Disruption Event described in paragraph (i) or (ii) or (iv) (for an event analogous to (i) or (ii)) above occurs and is continuing on the 30th day of such deferral, the Issuer's only obligation under the Warrants in respect of the applicable payment will be to make the affected payment(s) in the Local Currency or the Settlement Currency, in the Issuer's sole discretion, in the Relevant Jurisdiction, in which case the Warrantholder will have responsibility for establishing an account in the Relevant Jurisdiction in order to receive such payments; provided that if it is impracticable or unlawful for the Issuer to pay the Cash Settlement Amount or the unpaid Interim Payment Amount in the Relevant Jurisdiction or the relevant Warrantholder does not establish the necessary account in the Relevant Jurisdiction to receive payment(s) in the currency the Issuer elects, the Issuer shall not be obligated to make payment of any such amounts so affected, as applicable.

If a Payment Disruption Event described in paragraph (iii) or (iv) (for an event analogous to (iii)) above occurs and is continuing on (A) the 30th day of a deferral in the case of a deferral of the payment of the Cash Settlement Amount or (B) the day falling 30 days after the Interim Payment Date, in the case of deferral of the payment of any then unpaid Interim Payment Amount, the Issuer shall not be obligated to make any payment(s) so affected as applicable.

If a Payment Disruption Event occurs and payment of the Cash Settlement Amount or any then unpaid Interim Payment Amount is postponed or cancelled, the Issuer shall, or shall cause the Calculation Agent to, provide notice immediately to the Warrant Agent specifying (1) the nature of the Payment Disruption Event, (2) the new Settlement Date or Interim Payment Date, as applicable, and (3) any cancellation of payment of the Cash Settlement Amount or the unpaid Interim Payment Amount so affected, as applicable.

Upon the occurrence of any event that constitutes both an Early Exercise Event and a Payment Disruption Event, the Calculation Agent shall have sole discretion to determine whether the event constitutes an Early Exercise Event or a Payment Disruption Event.

8. Purchases

The Issuer and any of its affiliates shall have the right to purchase or otherwise acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate. Any Warrants so purchased may be resold or surrendered for cancellation, or held and then resold or surrendered for cancellation, and, if cancelled, may not be reissued by the Issuer.

9. Agents and Determination

(a) Agents

The specified offices of the Agents are set out at the end of these Terms and Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents provided that no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on the Luxembourg Stock Exchange or any other stock exchange(s), there shall be a Warrant Agent having a specified office in each location to the extent required by the rules and regulations of the Luxembourg Stock Exchange or the rules and regulations of such other stock exchange(s) on which the Warrants may be listed, as applicable. Notice of any termination of appointment and of any changes in the specified office of any Agent will be given to Warrantholders in accordance with Condition 11. In acting under the Warrant Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg and any Warrant Agent's determinations and calculations in respect of the Warrants shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

(b) Calculation Agent

In relation to each issue of Warrants where there is a Calculation Agent, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg.

All calculations and determinations made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders. The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(c) Determinations by the Issuer

Any determination made by the Issuer pursuant to these Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Warrantholders.

10. Meetings of Warrantholders and Modification

(a) Meetings

The Warrant Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agreement) of a modification of these Terms and Conditions or the Warrant Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Warrantholders in accordance with Condition 11. Such a meeting may be convened by the Issuer or Warrantholders holding not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. The quorum at a meeting of the Warrantholders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons holding Warrants or representing Warrantholders, whatever the number of Warrants so held or represented. The quorum at a meeting

of Warrantholders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. (by number) of the Warrants for the time being remaining unexercised or at any adjourned meeting two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-fourths of the votes cast by Warrantholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 4 prior to the date of the meeting. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 4 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Warrantholders. Resolutions can be passed in writing if passed unanimously.

(b) *Modifications*

The Issuer may modify these Terms and Conditions and/or the Warrant Agreement without the consent of the Warrantholders in any manner which the Issuer may deem necessary or desirable provided that such modification does not adversely affect the interests of the Warrantholders in any material respect or such modification is of a formal, minor or technical nature or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein or to permit the issue by the Issuer of additional Warrants of any kind not contemplated herein and in any other manner with the prior consent of the requisite majority of Warrantholders as specified in the Warrant Agreement. Notice of any such modification will be given to the Warrantholders in accordance with Condition 11 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification. In connection with such right of modification the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for any particular Warrantholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such modification.

11. Notices

In the case of Warrants represented by a Global Warrant, all notices to Warrantholders shall be valid if delivered (i) to Euroclear and Clearstream, Luxembourg for communication by them to the Warrantholders and (ii) so long as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange.

In the case of Definitive Warrants, all notices to Warrantholders shall be valid if delivered to the Principal Warrant Agent, for communication by it to the Warrantholders or publication in a leading English language newspaper with circulation in Europe. In either case, if the Warrants are listed on the Luxembourg Stock Exchange, and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the Luxemburger Wort or the Tageblatt.

Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, as the case may be such publication or, if published more than once, on the date of the first such publication.

12. Taxation

The Issuer shall not be liable for, or otherwise obliged to pay, any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrants and all payments made by the Issuer under the Warrants shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

All payments to be made by a Warrantholder to the Issuer (or the Principal Warrant Agent or Euroclear and/or Clearstream, Luxembourg) shall be made in gross amount, without withholding or deduction for or on account of tax or otherwise.

13. Further Issues

The Issuer shall be at liberty from time to time, without the consent of Warrantholders, to create and issue further Warrants so as to form a single series with the Warrants.

14. Financial Information

As soon as they are available after the close of each fiscal year during the term of the Programme, the Issuer shall provide each Warrant Agent with copies of its accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents and quarterly reports of the Issuer, shall be made available to the Warrantholders at the specified office of each Warrant Agent during the term of the Programme.

15. Governing Law

The Warrants shall be governed by and construed in accordance with English law. The Issuer irrevocably agrees for the exclusive benefit of each Warrantholder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and that accordingly any suit, action or proceeding (together in this Condition 15 referred to as **Proceedings**) arising out of or in connection with the Warrants may be brought in such courts. Nothing contained in this Condition 15 shall limit the right of any Warrantholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Issuer agrees that process in connection with Proceedings in the courts of England will be validly served on it if served upon it at Morgan Stanley & Co. International Limited at 25 Cabot Square, Canary Wharf, London E14 4QA unless otherwise specified in the applicable Pricing Supplement.

16. Additional Terms for Share Warrants

(a) *General definitions*

For the purposes of this Condition 16:

Shares and **Share** mean, subject to adjustment in accordance with this Condition 16, the shares or a share of the relevant Share Company and related expressions shall be construed accordingly;

Share Company means the company whose Shares relate to a particular series of Warrants and shall have the meaning specified in the applicable Pricing Supplement; and

Market Disruption Event means, with respect to Shares, the occurrence or existence of either of the following events as determined by the Calculation Agent:

- (i) a suspension of trading, or material limitation or absence of trading, or material limitation on the permitted or possible trading price(s) of trading, on the Exchange for more than two hours of trading or during the one-half hour preceding the close of trading of any session on the Exchange, or a breakdown or failure during the last one-half hour preceding the close of trading of any session on the Exchange in the price or trading system of the Exchange; or
- (ii) the suspension of trading, or material limitation or absence of trading, or material limitation on the permitted or possible trading price(s) of trading, on the principal exchange for trading in futures or options contracts related to the Shares (if any) for more than two hours of trading or during the one-half hour preceding the close of trading of any session on such exchange.

(b) *Market Disruption*

For purposes of determining whether a **Market Disruption Event** has occurred:

- (i) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant Exchange;
- (ii) a decision to permanently discontinue trading in the relevant futures or options contract will not constitute a Market Disruption Event;
- (iii) limitations on trading or price during significant market fluctuations will constitute a suspension, absence or material limitation of trading;
- (iv) a suspension of trading in a futures or options contract on the Shares by the principal exchange for trading in such contract by reason of (A) a price change exceeding limits set by such exchange, (B) an imbalance of orders relating to such contracts, or (C) a disparity in bid and ask quotes relating to such contracts, will constitute a suspension or material limitation of trading in futures or options contracts related to the Shares; and
- (v) a suspension, absence or material limitation of trading on the principal exchange on which futures or options contracts related to the Shares are traded will not include any time when such exchange is itself closed for trading under ordinary circumstances.

If a Market Disruption Event occurs on any of the five Exchange Business Days prior to and including (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, such date will be postponed by one Exchange Business Day for every day during such period that a Market Disruption Event occurs; provided that (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, shall not be postponed due to a Market Disruption Event beyond the 90th day following the date that would have been (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, absent the occurrence of the Market Disruption Event. If a Market Disruption Event would, but for the provision in the immediately preceding sentence, cause (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, to be after such 90th day (the **MDE End Date**), then (A) in respect of European Style Warrants, such Exercise Date or (B) in respect of American Style Warrants, such Actual Exercise Date or Expiration Date, as applicable, will be the MDE End Date. In such event the Calculation

Agent shall obtain bids from as many dealers in the Shares (other than dealers that are subsidiaries or affiliates of the Issuer), but not exceeding three, and will make such bid prices available to the Calculation Agent as soon as commercially practicable after 12:00 noon (local time in the market of such principal exchange) on the MDE End Date. The Calculation Agent shall use the average, expressed in the Settlement Currency, of such bids to calculate the Cash Settlement Amount, substituting such average for the Settlement Price of one Share on each of the five Exchange Business Days prior to and including the Actual Exercise Date or the Expiration Date, as applicable (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants) that are so affected by such Market Disruption Event (each such date a **MDE Valuation Date**). If by the 14th day following the MDE End Date, the Calculation Agent is not able to obtain at least one bid from a dealer (that is not a subsidiary or affiliate of the Issuer), the Calculation Agent shall calculate the Cash Settlement Amount, substituting U.S.\$0.00 for the Settlement Price of one Share, for each such MDE Valuation Date.

(c) *Antidilution Adjustments*

- (i) The Share Amount will be adjusted as follows if any of the following events occurs during the period from and including the Issue Date to and including (A) in respect of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date or (B) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date:
 - (I) If the Shares are subject to a stock split or reverse stock split, then once such split has become effective, the Share Amount will be adjusted to equal the product of the prior Share Amount and a fraction, the numerator of which is the number of shares of the Share Company outstanding immediately after such stock split or reverse stock split, and the denominator of which is the number of shares of the Share Company outstanding immediately prior to such stock split or reverse stock split.
 - (II) If there is an ex-dividend date in respect of a stock dividend or other distribution of the Shares by the Share Company that is ratably distributed to holders of the Shares (**Stock Dividends**), the Share Amount will be adjusted so that the new Share Amount shall equal the prior Share Amount plus the product of (A) the number of shares distributed with respect to one Share and (B) the prior Share Amount; provided, however, if Stock Dividends are not delivered to a Qualified Investor entitled to receive them at least five Exchange Business Days before the Settlement Date, the adjustment to the Share Amount specified in this paragraph (II) shall not be made in calculating the Cash Settlement Amount on the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date (in the case of American Style Warrants); *provided that* if such Stock Dividends are delivered to a Qualified Investor entitled to receive them prior to the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants), on the tenth Exchange Business Day following the delivery of such Stock Dividends, an additional payment per Warrant will be made to Warrantholders equal to the product of (i) the average of the Settlement Price of one Share on each of the five Exchange Business Days following and excluding the dates such Stock Dividends are delivered to a Qualified Investor entitled to receive them and (ii) the relevant number of shares comprising the Stock Dividends to which each Qualified Investor is entitled with respect to each Share. Payment of the amount specified in the preceding sentence shall be subject to deferrals and other adjustments in accordance with Conditions 7 and 16(b), as if such payment were a payment of an Interim Payment Amount, *mutatis mutandis*; *provided, however*, that if such Stock Dividend are not delivered to a Qualified Investor

entitled to receive them before the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants), Warrantholders will not receive any payment, and the Share Amount will not be adjusted, in respect of such Stock Dividends.

- (III) There will be no adjustments to the Share Amount to reflect cash dividends (whether extraordinary or not) paid with respect to the Shares.
- (IV) There will be no adjustments to the Share Amount to reflect non-cash distributions paid with respect to the Shares other than distributions described in paragraph (I) or (II) above, sub-paragraphs (A) and (E) of paragraph (V) below and Extraordinary Non-Cash Dividends as described below. A non-cash distribution with respect to one Share will be deemed to be an **Extraordinary Non-Cash Dividend** if such distribution exceeds in value the immediately preceding regularly scheduled cash dividend or the immediately preceding non-cash dividend that does not constitute an Extraordinary Non-Cash Dividend for one Share by an amount equal to at least 10% of the Settlement Price of one Share (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a stock split or reverse stock split) on the Exchange Business Day preceding the ex-dividend date for the payment of such Extraordinary Non-Cash Dividend. If an Extraordinary Non-Cash Dividend occurs with respect to the Shares, the Share Amount will be adjusted on the ex-dividend date with respect to such Extraordinary Non-Cash Dividend so that the new Share Amount will equal the product of (A) the then current Share Amount and (B) a fraction, the numerator of which is the Settlement Price of one Share on the Exchange Business Day preceding the ex-dividend date, and the denominator of which is the amount by which the Settlement Price of one Share on the Exchange Business Day preceding the ex-dividend date exceeds the Extraordinary Non-Cash Dividend Amount. The **Extraordinary Non-Cash Dividend Amount** with respect to an Extraordinary Non-Cash Dividend for the Shares will equal (I) in the case of distributions that constitute regularly scheduled dividends, the value per share of such Extraordinary Non-Cash Dividend minus the value per share of the immediately preceding regularly scheduled cash dividend, if any, or the immediately preceding non-cash dividend that does not constitute an Extraordinary Non-Cash Dividend for the Shares or (II) in the case of distributions that do not constitute regularly scheduled dividends, the value per share of such Extraordinary Non-Cash Dividend, in either case as determined by the Calculation Agent, whose determination shall be conclusive. A distribution on the Shares described in paragraph (I) or (II) above or sub-paragraph (A) or (E) of paragraph (V) below that also constitutes an Extraordinary Non-Cash Dividend shall cause an adjustment to the Share Amount pursuant only to paragraph (I) or (II) above or sub-paragraph (A) or (E) of paragraph (V) below, as applicable, and determined by the Calculation Agent.
- (V) If (A) there occurs any reclassification or change of the Shares, including, without limitation, as a result of the issuance of any tracking stock by the Share Company, (B) the Share Company or any Successor has been subject to a merger, combination or consolidation and is not the surviving entity, (C) any statutory exchange of securities of the Share Company or any Successor with another corporation occurs (other than pursuant to paragraph (B) above), (D) the Share Company is liquidated, (E) the Share Company issues to all of its shareholders equity securities of an issuer other than the Share Company (other than in a transaction described in sub-paragraph (B), (C) or (D) above) (a **Spin-off Event**) or (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Share Company (any such event in sub-paragraphs (A) through (F) above, a **Reorganisation Event**), the method of determining the Cash Settlement Amount payable upon exercise for each Warrant will be

adjusted to provide that the determination of the Cash Settlement Amount will be based on the Transaction Value (as defined below), rather than on the Settlement Price of the Shares. If Exchange Property (as defined below) includes a cash component, holders will not receive any interest accrued on such cash component. **Exchange Property** means the securities, cash or any other assets distributed to holders of the Shares in any such Reorganisation Event, including, in the case of the issuance of tracking stock, the reclassified Shares and, in the case of a Spin-off Event, the Shares with respect to which the spun-off security was issued. **Transaction Value** means (X) for any cash received in any such Reorganization Event, the amount of cash received per share of the Share Company, (Y) for any property other than cash or securities received in any such Reorganisation Event, the market value (as determined by the Calculation Agent by obtaining and calculating the average of bids from as many dealers in such property, but not exceeding three, as will make such bid prices available to the Calculation Agent as commercially practicable after 12:00 noon (local time in the location of the Exchange) on the date of the receipt of such property; in obtaining such bids, the Calculation Agent may obtain bids from its subsidiaries or affiliates, provided that such bids from its subsidiaries or affiliates shall represent a minority of all such bids obtained) of such Exchange Property received for each share of the Share Company at the date of the receipt of such Exchange Property *provided, however*, that in the event the Calculation Agent is not able to obtain at least one bid from a dealer, the market value of such property shall be deemed to be zero, and (Z) for any security received in any such Reorganisation Event, an amount equal to the market price per share of such security, as determined on the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date, as applicable (in the case of American Style Warrants), multiplied by the quantity of such security received for each Share. If Exchange Property consists of securities, those securities will, in turn, be subject to the antidilution adjustments set forth in paragraphs (I) through (VI).

For purposes of this paragraph (V), in the case of a consummated tender or exchange offer or going-private transaction involving Exchange Property of a particular type, Exchange Property shall be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer with respect to such Exchange Property (in an amount determined on the basis of the rate of exchange in such tender or exchange offer or going-private transaction). In the event of a tender or exchange offer or going-private transaction with respect to Exchange Property in which an offeree may elect to receive cash or other property, Exchange Property shall be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

- (VI) If more than one of the events set out above in paragraphs (I) through (V) occurs, the adjustments to the Share Amount for the second and subsequent events shall be to the Share Amount as adjusted for preceding events. The Calculation Agent shall make all adjustments to the Share Amount with respect to distributions on or in relation to the Shares (or any other security) net of any and all withholding taxes (based upon the maximum statutory rates).
- (ii) No adjustments to the Share Amount or to the method of calculating the Share Amount will be required other than those specified in Condition 16(c)(i). The adjustments specified in Condition 16(c)(i) do not cover all of the events that could affect the Settlement Price of the Shares. However, the Issuer may, at its sole discretion, cause the Calculation Agent to make additional changes to the Share Amount or to adjust the method of determining the Cash Settlement Amount upon the occurrence of corporate or other similar events that affect or could potentially affect the Settlement Price of, or shareholders' rights in, the Shares (or other Exchange Property), but only to reflect such changes, and not with the aim of changing relative investment risk. In addition, the Issuer may, at its sole discretion, cause the Calculation Agent

to alter the specific adjustments set forth above in paragraphs (I) through (VI) upon the occurrence of one or more of the events enumerated in paragraphs (I) through (VI), if the Issuer determines that such adjustments do not properly reflect the economic consequences of the events enumerated in such paragraphs or would not preserve the relative investment risks. There may be corporate or other similar events that could affect the Settlement Price of the Shares for which the Calculation Agent will not adjust the Share Amount.

- (iii) Any alterations to the specific adjustments set forth above may be materially adverse to the Warrantholders.
- (iv) If any currency exchange transactions are required in connection with adjustments to the Share Amount, the Calculation Agent shall determine the Spot Exchange Rate to be used in such currency exchange transactions.
- (v) No adjustments to the Share Amount will be required unless such adjustment would require a change of at least 0.1% in the Share Amount then in effect. The Share Amount resulting from any of the adjustments specified above will be rounded to the nearest one hundred-thousandth with five one-millionths being rounded upward (e.g., 0.876545 would be rounded to 0.87655).
- (vi) The Calculation Agent will provide information as to any adjustments to the Share Amount or to the method of calculating the Cash Settlement Amount upon written request by a Warrantholder.

17. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

Actual Exercise Date means, in the case of American Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, the date during the Exercise Period on which the Warrant is actually exercised or is deemed to be exercised (as is more fully set out in and subject to, Condition 3(a));

American Style Warrants means Warrants designated in the applicable Pricing Supplement as “American Style”;

Applicable Cash Dividend Amount shall mean the net cash dividend on one Share, paid to a Qualified Investor entitled to receive it in respect of any single declaration of cash dividends, expressed in the Settlement Currency as determined by the Calculation Agent, the ex-dividend date for which falls during the period from and including the Launch Date to and including (a) in respect of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date (b) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date, unless otherwise specified in the applicable Pricing Supplement;

Applicable Cash Dividend Failure Date shall have the meaning assigned thereto in Condition 3(c);

Automatic Exercise shall have the meaning assigned thereto in Condition 5(b);

Business Day means a day (other than a Saturday or Sunday) on which banks are open for business in the relevant Business Day Centre(s) and Euroclear and/or Clearstream, Luxembourg is/are open for business;

Business Day Centre shall have the meaning specified in the applicable Pricing Supplement;

Call Warrants means Warrants designated as “Call Warrants” in the applicable Pricing Supplement;

Cash Settlement Amount means the amount to which the Warrantholder is entitled in the Settlement Currency as determined by the Calculation Agent pursuant to Condition 3(b);

Cedcom shall have the meaning assigned thereto in Condition 4(a);

Definitive Warrants means Warrants issued in definitive form;

Definitive Warrant Certificate means a certificate representing a Definitive Warrant;

Disqualified Transferee shall have the meaning assigned thereto in Condition 1(c);

Early Exercise Event shall have the meaning assigned thereto in Condition 6(a);

Euclid shall have the meaning assigned thereto in Condition 4(a);

European Style Warrants means Warrants designated in the applicable Pricing Supplement as “European Style”;

Exchange or **Exchanges** means the exchange or exchanges specified in the applicable Pricing Supplement;

Exchange Business Day means a day, as determined by the Calculation Agent, on which trading is generally conducted on the Exchange or Exchanges, if applicable;

Exchange Property shall have the meaning assigned thereto in Condition 16(c);

Exercise Date means, in the case of European Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, the date upon which the Warrants are exercisable as specified in the applicable Pricing Supplement;

Exercise Expenses shall have the meanings assigned thereto in Condition 4(c)(1) and 4(c)(2);

Exercise Notice shall have the meaning assigned thereto in Condition 4(a);

Exercise Period means, in respect of American Style Warrants, the period during which the Warrants can be exercised as specified in the applicable Pricing Supplement;

Expiration Date shall, in the case of American Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, have the meaning assigned thereto in Condition 3(a);

Extraordinary Non-Cash Dividend shall have the meaning assigned thereto in Condition 16(c);

Government Authority means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Information Memorandum means the information memorandum to be published by the Issuer in connection with its Programme for the issue of Warrants;

Interim Payment Amount shall mean an amount in the Settlement Currency equal to the product of (a) any Applicable Cash Dividend Amount and (b) the Share Amount applicable on the relevant ex-dividend date (net of any and all withholding taxes based upon the maximum statutory rates (or any other rate specified in the Pricing Supplement) applicable to a Qualified Investor in connection with the receipt of such dividends);

Interim Payment Date shall have the meaning assigned thereto in Condition 4(c);

Issue Date shall have the meaning specified in the applicable Pricing Supplement;

Korean Investor ID Holder means an entity incorporated outside Korea that is holding an investment identity card issued by the Korean Financial Supervisory Service;

Launch Date shall have the meaning specified in the applicable Pricing Supplement;

Local Currency shall have the meaning specified in the applicable Pricing Supplement;

Malaysian Foreign Investor means a corporation that both (i) is incorporated outside Malaysia, and (ii) does not have any place of business in Malaysia;

Manager means the manager appointed by the Issuer in connection with the issue of a particular series of Warrants;

Market Disruption Event in relation to Share Warrants, shall have the meaning assigned thereto in Condition 16;

Mauritius FII means a Mauritius-incorporated entity with either foreign institutional investor (**FII**) status in India or a registered FII sub-account in India;

Maximum Exercise Number means, in relation to American Style Warrants, the maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) as specified in the applicable Pricing Supplement;

MDE End Date in relation to a Market Disruption Event, shall have the meaning assigned thereto in Condition 16(b);

MDE Valuation Date shall have the meaning assigned thereto in Condition 16(b);

Minimum Exercise Number means, in relation to American Style Warrants, the minimum number of Warrants that may be exercised on any day by any Warrantholder as specified in the applicable Pricing Supplement;

Minimum Trading Amount means, in relation to Warrants to be listed on the Luxembourg Stock Exchange, the minimum number of Warrants that may be traded on the relevant stock exchange in a single transaction as specified in the applicable Pricing Supplement;

Payment Disruption Event shall have the meaning assigned thereto in Condition 7;

Programme means the warrant programme referred to in this Information Memorandum;

Proceedings shall have the meaning assigned thereto in Condition 15;

Put Warrants means Warrants designated as “Put Warrants” in the applicable Pricing Supplement;

Qualified Investor means, unless otherwise specified in the applicable Pricing Supplement, where the Relevant Jurisdiction is Korea, Taiwan, India or Malaysia, a Korean Investor ID Holder, a Taiwan FINI, a Mauritius FII and Malaysian Foreign Investor respectively;

Quota shall have the meaning assigned thereto in Condition 5;

Register shall have the meaning assigned thereto in Condition 1(b);

Relevant Jurisdiction shall have the meaning specified in the applicable Pricing Supplement;

Reorganisation Event shall have the meaning assigned thereto in Condition 16(c);

Settlement Currency means the settlement currency for the payment of the Cash Settlement Amount, as specified in the applicable Pricing Supplement;

Settlement Date means, unless otherwise specified in the applicable Pricing Supplement, the third Business Day following the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date (in the case of American Style Warrants), subject to the right of the Calculation Agent to postpone and/or cancel payment of the Cash Settlement Amount if any Payment Disruption Event occurs;

Settlement Price shall mean, unless otherwise specified in the applicable Pricing Supplement, the volume weighted average price for the Shares traded on the Exchange (as published by Bloomberg Financial Markets Information Service), as determined by the Calculation Agent after the close of the Exchange on the relevant date;

Share Amount shall mean, subject to adjustment in accordance with Condition 16(c), the number of underlying Shares per Warrant, as specified in the applicable Pricing Supplement;

Share Company shall have the meaning assigned thereto in Condition 16;

Shares and **Share** shall have the meaning assigned thereto in Condition 16;

Share Warrant means a Warrant relating to one or more Shares as specified in the applicable Pricing Supplement;

Spin-off Event shall have the meaning assigned thereto in Condition 16(c);

Spot Exchange Rate means the spot rate of exchange for conversion of the Local Currency into the Settlement Currency for any date as determined by the Calculation Agent;

Stock Dividend means Stock Dividends (as defined in Condition 16(c)) the ex-dividend date for which falls during the period from and including the Issue Date to and including (a) in respect of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date or (b) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date;

Strike Price means the strike price of the Warrant as specified in the applicable Pricing Supplement;

Successor means, in respect of a Share Company, any surviving entity or subsequent surviving entity of the Share Company;

Taiwan means the Republic of China, Taiwan;

Taiwan FINI means an entity incorporated outside Taiwan with foreign institutional investor (FINI) status in Taiwan;

Transaction Value shall have the meaning assigned thereto in Condition 16(c);

Warrant Agreement means the master warrant agreement between, inter alia, the Issuer and the Agents dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time); and

Warrantholder shall have the meaning assigned thereto in Condition 1(b).

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Warrants, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

The specified offices of the Warrant Agents at the date hereof are as follows:

In the case of the Principal Warrant Agent
Morgan Stanley Dean Witter Asia Limited
30th Floor
Three Exchange Square
Central
Hong Kong
(Attention: Equity Documentation Group)

In the case of the Luxembourg Warrant Agent
Dexia Banque Internationale à Luxembourg
69 route d'Esch
L-2953
Luxembourg
(Attention: New Issues - Transactional Execution Group)

FORM OF UNITARY WARRANT PRICING SUPPLEMENT

The Pricing Supplement relating to each issue of Unitary Warrants will be substantially in the form set out below and will contain (without limitation) such of the following information as is applicable in respect of such Unitary Warrants. All references to numbered conditions are to the terms and conditions of the Unitary Warrants set out in Annex 5 of the Warrant Agreement (as defined in the Unitary Warrant Conditions) and reproduced in the Information Memorandum and words and expressions defined in those terms and conditions shall have the same meaning in the applicable Unitary Warrant Pricing Supplement.

CONFIDENTIAL

MSDW ASIA SECURITIES PRODUCTS LLC (incorporated with limited liability in the Cayman Islands)

Warrant Programme

Guaranteed by

Morgan Stanley

(incorporated in Delaware, U.S.A.)

The Warrants have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state in the United States. The Issuer may offer, sell or deliver Warrants (a) to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) reasonably believed by the Issuer to be qualified institutional buyers (each a QIB) as defined in Rule 144A under the Securities Act (Rule 144A) that are also “qualified purchasers” (QPs) within the meaning of Section 3(c)(7) (Section 3(c)(7)) and as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the 1940 Act) or outside the United States to a non-U.S. person in an offshore transaction in compliance with Regulation S. Each purchaser of Warrants being offered to, or for the account or benefit of a U.S. person is hereby notified that the offer and sale of such Warrants is being made in reliance upon an exemption from the registration requirements of the Securities Act. The Warrants are eligible for purchase by Plans (as defined herein) subject to certain conditions. See “ERISA Considerations for Rule 144A Warrants and Unitary Warrants” herein. All purchasers of the Warrants must provide certain representations to the Manager in the form attached to this Pricing Supplement as Appendix A prior to their purchase of the Warrants.

[Additional legends related to particular issue of Warrants]

[Details of particular issue of Warrants]

This Pricing Supplement is prepared in connection with the Warrant Programme of MSDW Asia Securities Products LLC (the **Issuer**) and Morgan Stanley and is supplemental to, and should be read in conjunction with, the Information Memorandum dated November 27, 2003 (the **Information Memorandum**). The terms and conditions of the Warrants (the **Conditions**) described herein are as set out in Annex 5 of the master warrant agreement between the Issuer, Morgan Stanley and the Agents dated November 27, 2003 (the **Warrant Agreement**), as supplemented by and modified by this Pricing Supplement. Terms defined in the Conditions have the same meaning when used in this Pricing Supplement. Where the context permits, terms used in Part A of this Pricing Supplement shall be deemed to be defined as such for the purposes of the Conditions.

Except as disclosed in the Information Memorandum (including in any document incorporated by reference therein) and save as disclosed herein, there has been no material adverse change in the financial position of the Issuer or Morgan Stanley since the date of their respective last fiscal year ends.

To the best of the knowledge and belief of the Issuer (which has made reasonable enquiry) there are no facts which would make any statement in this Pricing Supplement (subject as mentioned herein), as of its date, misleading, and the Issuer accepts responsibility for the information contained in this Pricing Supplement except as mentioned herein.

The information contained herein with regard to the underlying assets to which the Warrants relate consists of extracts from or summaries of information that are publicly available. Except as mentioned herein, the Issuer accepts responsibility for accurately reproducing and/or summarising the information relating to the underlying assets to which the Warrants relate, which information is more particularly described in Part B hereto. The Issuer accepts no further or other responsibility in respect of such information.

The Luxembourg Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

Part A — Information about the Warrants

1. (a)	The series number of the Warrants;	
1. (b)	Whether or not the Warrants are to be consolidated and form a single series with the warrants of an existing series;	
2.	Description of the Warrants which may be Share Warrants or any other type of Warrant;	
3.	Whether the Warrants are American Style Warrants or European Style Warrants;	
4.	Whether the Warrants are Call Warrants or Put Warrants or other;	
5.	The number of Warrants being issued;	
6.	The issue price per Warrant;	
7.	The Launch Date of the Warrants;	
8.	The Issue Date of the Warrants;	
9.	The Strike Price per Warrant;	
10.	The Settlement Price per Warrant (if different from the definition in Condition 3(b))	
11.	The Interim Payment Amounts (if different from the definition in Condition 17);	
12.	The Applicable Cash Dividends (if different from the definition in Condition 17);	

13.	Additional provisions for calculating the Settlement Price when a Market Disruption Event (as defined in Condition 17) occurs (if different from Condition 17(b));	
14.	The Cash Settlement Amount per Warrant (if different from Condition 3(b));	
15.	The Settlement Date (if different from Condition 17);	
16.	In the case of European Style Warrants, the Exercise Date for the Warrants; provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day;	
17.	In the case of American Style Warrants, the Exercise Period in respect of the Warrants;	
18.	In the case of American Style Warrants, the Actual Exercise Date in respect of the Warrants (if different from Condition 3(a)(i));	
19.	In the case of American Style Warrants, the Expiration Date for the Warrants (if different from Condition 3(a)(i));	
20.	In the case of American Style Warrants, whether Automatic Exercise will apply;	
21.	The Share Amount which shall be applied to ascertain the Cash Settlement Amount (as defined in Condition 17) for each Warrant (such Share Amount shall be subject to adjustment in accordance with Condition 16(c));	
22.	The applicable Business Day Centre(s) for the purpose of the definition of Business Day in Condition 17;	[must always include Hong Kong]
23.	The Spot Exchange Rate for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Cash Settlement Amount and details of when and how such rate is to be ascertained;	
24.	The Settlement Currency for the payment of the Cash Settlement Amount;	
25.	The Local Currency in respect of the Shares or the currency equivalent thereof (if different);	

26.	The Relevant Jurisdiction of the Share Company;	
27.	Qualified Investor (if different from Condition 17);	
28.	Details of any additional or alternative clearing system(s);	
29. (a)	The Minimum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder;	[Insert an amount not to be less than U.S.\$250,000, based on the purchase price of the Warrants]
29. (b)	The integral multiples of Warrants exercisable;	
29. (c)	In the case of American Style Warrants, the Maximum Exercise Number in respect of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert);	
30. (a)	The Minimum Purchase Amount of the Warrants;	[Insert an amount not to be less than U.S.\$250,000, based on the purchase price of the Warrants]
30. (b)	The Minimum Trading Amount of Warrants;	
31.	Definition of Early Exercise Event (if different from Condition 6);	
32.	Definition of Payment Disruption Event (if different from Condition 7);	
33.	Whether the Warrants are to be listed on the Luxembourg Stock Exchange or any other exchange(s);	
34.	Any other special conditions and any other additions or modifications to the Conditions;	[Insert any additional terms including a specified tax rate other than the “maximum statutory rate”, if required]
35.	Details of any additional U.S. selling restrictions;	
36.	Details of any selling restrictions to apply in addition to the selling restrictions set out on pages 157-159 of the Information Memorandum;	
37.	The method of distribution of the Warrants (syndicated or non-syndicated) including, if any, the names of any Managers other than or in addition to Morgan Stanley & Co. International Limited (MSIL);	

38.	The ISIN, if applicable;	
39.	The Common Code, if applicable;	
40.	Where any additional or alternative clearing system(s) has/have been specified in paragraph 27 above, any relevant security code or other code;	
41.	Details of the Principal Warrant Agent if not Morgan Stanley Dean Witter Asia Limited;	
42.	Responsibility Statement;	The Issuer accepts responsibility for the information contained in this Pricing Supplement, subject as provided below. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Information Memorandum, as amended and/or supplemented by this Pricing Supplement in relation to the Warrants, is (subject as provided below) true and accurate in all material respects and, in the context of the issue of the Warrants there are no other material facts the omission of which would make any statement in such information misleading.

		<p>The information included in Part B (the Information) consists of extracts from or summaries of information that is publicly available in respect of the underlying assets and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarising the Information. No further or other responsibility (express or implied) in respect of the Information is accepted by the Issuer. The Issuer makes no representation that the Information, any other publicly available information or any other publicly available documents regarding the underlying assets to which the Warrants relate are accurate or complete. There can be no assurance that all events occurring prior to the date of this Pricing Supplement that would affect the trading price of the underlying assets to which the Warrants relate (and therefore the trading price and value of the Warrants) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying assets to which the Warrants relate could affect the trading price and value of the Warrants.</p>
43.	Material Adverse Change;	<p>Except as disclosed in the Information Memorandum (including any document deemed to be incorporated by reference therein) there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole, and no significant change in the financial or trading position of the Issuer since the date of the most recently published audited annual financial statements of the Issuer [Give details of any such material adverse change].</p>

44.	Proceedings;	Except as disclosed in the Information Memorandum (including any document deemed to be incorporated by reference therein), the Issuer is not (whether as defendant or otherwise) engaged in any legal, arbitration, administration or other proceedings, the result of which might have or have had a significant effect on the financial position or the operations of the Issuer and its subsidiaries taken as a whole/[Give details of any such litigation].
45.	Manager of the Warrants.	<p>The Manager of the Warrants is Morgan Stanley & Co. International Limited.</p> <p>The dealer in the United States for underwritten offerings of the Warrants is Morgan Stanley & Co. Incorporated[, acting as principal.] Morgan Stanley & Co. Incorporated does not receive any compensation for the sales in which it participates.</p>

Part B: [Insert relevant details in respect of the underlying assets and specify the nature of the responsibility taken by the Issuer for the information relating to the underlying assets]

APPENDIX A

PURCHASER CERTIFICATE

The undersigned, _____, _____ of _____
[Name] [Title] [Name of Investment Manager]

(the "Investment Manager"), hereby certifies to MSDW Asia Securities Products LLC, Morgan Stanley, Morgan Stanley & Co. Incorporated and Morgan Stanley & Co. International Limited (collectively, the "Morgan Stanley Entities") that, in connection with the sale or other transfer of the [no.] [Share Company] [American/European] Style Cash Settled [Call/Put] Warrants of MSDW Asia Securities Products LLC (CUSIP No. to be confirmed) (the "Warrants") to the beneficial owners (each a "Purchaser") for whom the Investment Manager is acting:

- I. (A) each Purchaser is fully authorized by its organizational documents to purchase the Warrants, and this Purchaser Certificate has been duly executed by one or more persons duly authorized pursuant to such documents, and the purchase of the Warrants by such Purchaser does not contravene the organizational documents of such Purchaser or the Investment Manager or any provision of any law or regulation applicable to such Purchaser or the Investment Manager;
- (B) the Investment Manager and each Purchaser has prior knowledge and experience in investing in securities in [Relevant Jurisdiction] or securities the value of which is derived by reference to securities in [Relevant Jurisdiction];
- (C) the Investment Manager has, without reliance on, or advice from, the Morgan Stanley Entities, and based solely on such information obtained by such Investment Manager independently of the Morgan Stanley Entities (which was sufficient to make its investment decision), independently decided, as an investment decision consistent with the investment criteria and guidelines applicable to it and to each Purchaser, to obtain equity exposure to [Shares] on behalf of each Purchaser independent of its decision to purchase the Warrants and, as a result of such decision, has independently initiated with the Morgan Stanley Entities the transaction in the Warrants;
- (D) the Investment Manager and each Purchaser has consulted with its own advisors as to the legal, regulatory, tax, business, financial, accounting and related aspects of a purchase of the Warrants by each Purchaser to the extent it has deemed necessary in order to make its own decision to invest in the Warrants, the value of which is derived from the value of the [Shares], and to make its own determination as to the suitability of such an investment;
- (E) none of the Morgan Stanley Entities nor any of their affiliates has given the Investment Manager or any Purchaser (directly or indirectly through any other person or entity) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return or performance of an investment in [Shares] or the Warrants;
- (F) each Purchaser and the Investment Manager has read Pricing Supplement (Pricing Supplement No. to be confirmed) dated [●], 200[●] (the "Pricing Supplement") and the accompanying Information Memorandum dated November 27, 2003, is fully cognizant of and understands, the terms of and risks associated with an investment in the Warrants, and has such knowledge and experience in financial business matters generally as to be capable of evaluating the merits and risks of an investment in the Warrants, and each Purchaser is capable of and willing to assume (financially and otherwise) those risks; and

- (G) the Investment Manager may seek to purchase additional Warrants from time to time on behalf of all or some of the beneficial owners specified in the Appendix to this Purchaser Certificate (the "Potential Purchasers"). The Investment Manager and the Potential Purchasers hereby acknowledge that there is no obligation on the part of the Morgan Stanley Entities to sell additional Warrants to the Investment Manager or the Potential Purchasers at such time;
- (H) the Investment Manager and the Potential Purchasers hereby acknowledge that the purchase price of the additional Warrants may differ from that for this series of Warrants;
- (I) the Investment Manager and each Purchaser understand that the Morgan Stanley Entities may, from time to time, have published or may in the future publish research reports with respect to [Share Company] securities and that these research reports may or may not recommend that investors buy or hold securities of [Share Company]; and the Investment Manager and each Purchaser acknowledge that the Morgan Stanley Entities do not undertake to inform the Investment Manager or any Purchaser of any changes (either positive or negative) to any recommendations contained in any such future research reports, if any;
- (J) the Investment Manager and each Purchaser further represents and warrants that each Purchaser is either:

(Investment Manager to check boxes (i) or (ii) or both of those boxes, as appropriate)

- ☐ (i) (a) is a Qualified Institutional Buyer (**QIB**), as defined in Rule 144A under the Securities Act of 1933, as amended (the **Securities Act**), and is a Qualified Purchaser (**QP**), as defined in the Investment Company Act of 1940, as amended (the **1940 Act**), and will advise the Issuer and the Guarantor, as applicable, if for any reason it ceases to be such a QIB or QP as of the issue date of the Warrants;
- (b) is not a dealer as described in Rule 144A(a)(1)(ii) that owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of issuers that are not affiliated persons of said dealer;
- (c) is not a (a) partnership, (b) common trust fund, (c) special trust, pension fund or retirement plan or (d) other entity in which the partners, beneficiaries, beneficial owners or participants, as the case may be, may designate the particular investments to be made or the allocation thereof;
- (d) was not formed for the purpose of investing in the Warrants or other securities of the Issuer unless each of its beneficial owners is a QIB and QP who was not so formed;
- (e) is purchasing the Warrants for its own account or for the accounts of one or more persons each of whom meets all of the requirements of items (a) through (d) above; and
- (f) understands that the Warrants have not been and will not be registered under the Securities Act, that the Issuer has not been registered under the 1940 Act and that the Warrants are being sold to it in a transaction that is exempt from the registration requirements of the Securities Act and in accordance with the requirements of Section 3(c)(7) of the 1940 Act; or

- ☐ (ii) is outside the United States and is not a U.S. person (as defined under Regulation S under the Securities Act) (**Regulation S**) and is acquiring the Warrants in an offshore transaction in compliance with Regulation S;

(K) the Investment Manager and each Purchaser in respect of the additional Warrants hereby represents that the representations contained herein shall be deemed to be repeated in full in respect of any purchase of the additional Warrants and hereby acknowledges that if the Morgan Stanley Entities enter into sales of any such additional Warrants, they will do so in reliance on the deemed repetition of the representations contained herein; and

(L) the Investment Manager and each Purchaser represents that it will not offer, sell, transfer, pledge or transfer any Warrant or any interest therein except to or through the Issuer or an affiliate of the Issuer and acknowledges the right of the Issuer to void any transfer of any interest in the Warrants made in violation of this certification I.(L) and either (i) to restore all rights as a holder of such interests in the Warrants to the last preceding transferee who did not receive its interest in the Warrants in a transfer violating this certification I.(L), retroactively to the date of such transfer of such interest by such holder or (ii) require any transferee purporting to take any interest in violation of this certification I.(L) to sell such interest to the Issuer or any entity designated by the Issuer, at the option of the Issuer.

II. The Investment Manager, each Purchaser, and any other fiduciary of any such Purchaser causing it to acquire the Warrants, hereby represents, in its corporate and fiduciary capacity, that on each day from the date of its acquisition of the Warrants and additional Warrants, if any, through and including the date of its disposition of such Warrants either:

(Investment Manager to check box (1) or (2) or both of those boxes as appropriate)

- ☐ (1) it is not a Plan or acting on behalf of or investing the assets of any Plan, or
- ☐ (2) its acquisition, holding and disposition of the Warrants: (a) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (b) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar law).

"Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise. The Investment Manager and any Purchaser, and any fiduciary of any such Purchaser causing it to acquire the Warrants, agrees to indemnify and hold harmless the Morgan Stanley Entities and their affiliates from any cost, damage or loss incurred by them as a result of any of the representations made in this Part II being or becoming untrue. Any transfer of the Warrants in violation of this Part II will be of no force and effect, will be *void ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instruction to the contrary to the Morgan Stanley Entities, the Trustee/Warrant Agent (as defined in the Pricing Supplement) or any intermediary.

The Investment Manager represents and warrants that it has the authority to sign this certificate and make the above certifications on behalf of each Purchaser.

[Name of Investment Manager]

By: [Name]

Title:

● of Warrants

Date:_____

Appendix

List of specified beneficial owners and indication of whether such beneficial owner is making the representation in Part I. (J)(i) and/or (J)(ii), as applicable

	(I)(i)	(I)(ii)
[]	—	—
[]	—	—

List of specified beneficial owners and indication of whether such beneficial owner is making the representation in Part II. (1) and/or (2), as applicable

	(1)	(2)
[]	—	—
[]	—	—

TERMS AND CONDITIONS OF THE UNITARY WARRANTS

The following is the text of the Unitary Warrant Conditions (as amended, supplemented or varied from time to time) that will be incorporated by reference into each Unitary Global Warrant. The Unitary Warrant Pricing Supplement in relation to an issue of Unitary Warrants supplements the following Unitary Warrant Conditions and may specify other terms and conditions that shall to the extent so specified or to the extent inconsistent with the following Unitary Warrant Conditions supplement, replace or modify the following Unitary Warrant Conditions for the purpose of such Unitary Warrants.

The Warrants of this series (such Warrants being hereinafter referred to as the **Warrants**) are constituted by a Unitary global warrant (a **Global Warrant**) and are issued pursuant to a master warrant agreement dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time) (the **Warrant Agreement**) between MSDW Asia Securities Products LLC (the **Issuer**), Morgan Stanley as guarantor, Morgan Stanley Dean Witter Asia Limited as principal warrant agent (the **Principal Warrant Agent**), Dexia Banque Internationale à Luxembourg as a warrant agent in Luxembourg (the **Luxembourg Warrant Agent**) (the Principal Warrant Agent and the Luxembourg Warrant Agent, together with any additional warrant agent appointed by MSDWASP and the Issuer, the **Warrant Agents**; which expression shall include any additional or successor warrant agents), and Morgan Stanley & Co. International Limited as calculation agent (in such capacity, the **Calculation Agent** (which expression shall include any additional or successor calculation agents) and together with the Warrant Agents, the **Agents**).

The Warrants may be sold (a) to U.S. persons (as defined in Regulation S under the Securities Act) that are qualified institutional buyers (each a **QIB**) as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended the (**Securities Act**) who are also qualified purchasers (each a **QP**) within the meaning of Section 3(c)(7) and as defined in Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the **1940 Act**) or to, or for the account or benefit of QIBs and who are also QPs and (b) to a person who is not a U.S. person and who is acquiring the Warrants in an offshore transaction in compliance with Regulation S under the Securities Act.

Except as specified in the following paragraph or in the applicable Pricing Supplement, no Warrants in definitive form will be issued. Each Global Warrant will be deposited with a depository common to Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and specified in the applicable Pricing Supplement or notified to the Warrantholders in accordance with Condition 11 of the Terms and Conditions of the Warrants (such conditions being hereinafter defined for purposes of this section as a **Condition** or the **Terms and Conditions**).

The Global Warrant will be exchangeable in whole but not in part (free of charge to the Warrantholders) for definitive warrants (**Definitive Warrants**) in registered form if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 Business Days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Issuer and the Principal Warrant Agent is available, in which case the Issuer will deliver, or arrange delivery of, Definitive Warrants in registered form, serially numbered to the Warrantholders. In such event, the Issuer may give notice to the Warrantholders in accordance with Condition 11 of such additional terms and conditions as it considers appropriate in respect of the transfers of such Definitive Warrants, the register in respect thereof, the procedures and time for exercise and payment and/or delivery thereof or thereon and such other matters as it determines are necessary.

The Pricing Supplement for the Warrants will be attached to the Global Warrant and shall supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Warrants. References herein to the **applicable Pricing Supplement** are to the Pricing Supplement or Pricing Supplements (in the case of any further warrants issued pursuant to Condition 13 and forming a single series with the Warrants) attached to the Global Warrant or, as the case may be, the Definitive Warrant Certificate.

Copies of the Warrant Agreement (which contains the form of the Pricing Supplement) and the master guarantee dated as of November 27, 2003 provided by Morgan Stanley (including its successors or assigns, the **Guarantor**) guaranteeing the Issuer's obligations under each series of Warrants (as the same may be modified, amended, varied or supplemented from time to time, the **Master Guarantee**) and the Pricing Supplement applicable to the Warrants are available at the specified office of each Warrant Agent.

Words and expressions defined in the Warrant Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders (as defined in Condition 1(b)) are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Warrant Agreement and the applicable Pricing Supplement.

1. Type, Title and Transfer

(a) Type

The Warrants are Share Warrants, or any other or further type of warrants as specified in the applicable Pricing Supplement. Certain terms that will, unless otherwise varied in the applicable Pricing Supplement, specifically apply to Share Warrants, are set out in Condition 16.

The applicable Pricing Supplement will indicate whether the Warrants are American Style Warrants or European Style Warrants and whether the Warrants are Call Warrants or Put Warrants or such other type as may be specified in the applicable Pricing Supplement.

(b) Title to Warrants

In the case of Warrants represented by a Global Warrant, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated for all purposes by the Issuer, the Guarantor, any Warrant Agent, Euroclear and/or Clearstream, Luxembourg, and all other persons dealing with such person as the holder of such amount of Warrants (and the expressions **Warrantholder** and **holder of Warrants** shall be construed accordingly).

In the case of Definitive Warrants, the Issuer shall cause to be kept at the specified office of the Principal Warrant Agent (outside the United Kingdom) a register (the **Register**) on which shall be entered the names and addresses of all holders of Definitive Warrants, the number and type of the Definitive Warrants held by them and details of all transfers of Definitive Warrants.

In respect of Definitive Warrants, the persons shown in the Register (each a **Warrantholder**) shall (except as otherwise required by law) be treated as the absolute owners of the relevant Definitive Warrants for all purposes (regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating such person (and the expression **Warrantholders** and **holder of Warrants** and related expressions shall be construed accordingly).

(c) *Transfers of Warrants*

All transactions (including transfers) involving the Warrants (other than Definitive Warrants) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 4.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and notified to the Warrantholders in accordance with Condition 11.

The number of Warrants that may be transferred by a Warrantholder must be equal to the Minimum Trading Amount and any integral multiple thereof or of such other number, each as specified in the applicable Pricing Supplement.

Transfers or exchanges of Warrants represented by a Global Warrant to or for Warrants represented by the same or another Global Warrant may be effected only to or through the Issuer or an affiliate of the Issuer made only:

- (i) (A) to a non-U.S. person in an offshore transaction pursuant to Regulation S under the Securities Act or (B) (a) to a QIB who is also a QP or (b) to, or for the account or benefit of, a U.S. person who is a QIB and a QP, in either case, who acquired such Warrants in a transaction meeting the requirements of Rule 144A; and
- (ii) to a transferee or an exchange representing or deemed to represent that either:
 - (A) it is not a Plan or acting on behalf of or investing the assets of any Plan, or
 - (B) its acquisition, holding and disposition of the Warrants (a) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar federal, state or local law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (b) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar federal, state, local, non-U.S. or other laws or regulations that are substantially similar to ERISA or the Code).

"Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described

in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise; and

- (iii) in accordance with any applicable rules and regulations from time to time of the Principal Warrant Agent, Euroclear and Clearstream, Luxembourg.

The Warrantholder must send to Euroclear or Clearstream, Luxembourg, as the case may be, a free of payment instruction not later than 10.00 a.m. (Brussels or Luxembourg time, as the case may be) one Brussels Business Day or Luxembourg Business Day, as the case may be, prior to the date on which the transfer or exchange is to take effect.

In the case of a transfer, separate payment arrangements are required to be made between the transferor and the transferee.

On the transfer or exchange date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will instruct the Principal Warrant Agent to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to credit the relevant account of the Euroclear or Clearstream, Luxembourg participant, as the case may be.

If at any time the Principal Warrant Agent determines or is notified by the Issuer or any of its affiliates that (i) a transfer or attempted or purported transfer of any interest in a Warrant was not consummated in compliance with the provisions of Condition 1(c), or (ii) there was a breach of any representation (at the time given) or agreement set forth in any certificate or letter or any deemed representation or agreement delivered or deemed to be made (at the time deemed made) by such purchaser, the purported transfer shall be absolutely null and void **ab initio** and shall vest no rights in such purchaser (being in such case, a **Disqualified Transferee**) and the last preceding holder of such interest that was not a Disqualified Transferee shall be restored to all rights as a Warrantholder thereof retroactively to the date of purported transfer of such interest by such Warrantholder; alternatively, the Issuer may require any Disqualified Transferee to sell such interest to the Issuer or an entity designated by the Issuer that would not be a Disqualified Transferee.

Definitive Warrants may be transferred at the office of the Principal Warrant Agent (outside the United Kingdom) during its official business hours. No transfer shall be registered for a period of 15 Business Days immediately preceding any due date for payment under the Warrants, the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants). The Principal Warrant Agent shall notify holders of Definitive Warrants of any restrictions that will apply in relation to a transfer of the Warrants prior to a date on which payments under the Warrants are to be made.

2. Status of the Warrants and the Master Guarantee

(a) Status of the Warrants

The Warrants constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other direct, unsubordinated and unsecured obligations of the Issuer (other than those preferred by law).

(b) *The Master Guarantee*

The Guarantor will irrevocably guarantee the obligations of the Issuer under or in respect of the Warrants. The obligations of the Guarantor under the Master Guarantee will constitute direct, unsubordinated and unsecured obligations of the Guarantor and will rank pari passu with all other direct, unsubordinated and unsecured obligations of the Guarantor (other than those preferred by law).

3. Exercise Rights

(a) *Exercise Period*

(i) ***American Style Warrants***

American Style Warrants are exercisable on any day that is both a Business Day and an Exchange Business Day during the Exercise Period.

In the case of Warrants represented by a Global Warrant, if, on any day that is both a Business Day and an Exchange Business Day during the Exercise Period, an Exercise Notice is delivered at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate), to Euroclear or Clearstream, Luxembourg, as the case may be, and a copy thereof is delivered at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) to the Principal Warrant Agent, such day shall be deemed to be the day of delivery of the Exercise Notice. If any such Exercise Notice is delivered to Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is delivered to the Principal Warrant Agent, after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any day that is both a Business Day and an Exchange Business Day, such Exercise Notice will be deemed to have been delivered on the next day that is both a Business Day and an Exchange Business Day, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 by 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the last day that is both a Business Day and an Exchange Business Day of the Exercise Period (the **Expiration Date**) and has not been automatically exercised in the manner set out in Condition 4(b) (if applicable), shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

In the case of Warrants represented by a Global Warrant, subject to (A) acceleration in relation to an Early Exercise Event or (B) postponement in relation to a Market Disruption Event, unless otherwise specified in the applicable Pricing Supplement, the day falling the seventh Exchange Business Day following the day of the delivery of the Exercise Notice to Euroclear or Clearstream, Luxembourg and the Principal Warrant Agent shall be the **Actual Exercise Date**.

Definitive American Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Warrant Agent. Any Exercise Notice which is delivered to the Principal Warrant Agent after 10.00 a.m., Hong Kong time, on any day that is both a Business Day and an Exchange Business Day during the Exercise Period will be deemed to have been deposited on the next day that is both a Business Day and an Exchange Business Day, provided that, subject to Condition 4(b), any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 or the applicable Pricing Supplement by 10.00 a.m., Hong Kong time on the Expiration Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

In the case of Definitive Warrants, subject to (A) acceleration in relation to an Early Exercise Event or (B) postponement in relation to a Market Disruption Event, unless otherwise specified in the applicable Pricing Supplement, the day falling the seventh Exchange Business Day following the delivery of the Exercise Notice to the Principal Warrant Agent shall be the Actual Exercise Date.

(ii) **European Style Warrants**

European Style Warrants represented by a Global Warrant will be automatically exercised in the manner set out in Condition 4(b). Any European Style Warrants represented by a Global Warrant which have not been automatically exercised in the manner set out in Condition 4(b) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Definitive European Style Warrants may only be exercised by delivery of the Definitive Warrant Certificate representing such Definitive Warrants on the Exercise Date to the Principal Warrant Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Warrant Agent. Any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 or the applicable Pricing Supplement by 10.00 a.m., Hong Kong time on the Exercise Date, shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

(b) *Cash Settlement Amount*

A Warrantholder, upon due exercise, will receive from the Issuer on the Settlement Date, in respect of each Warrant, a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

(i) in the case of Share Warrants:

- (A) if such Warrants are Call Warrants, unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency equal to (I) the product of (x) the average of the Settlement Price, expressed in the Settlement Currency, on each of the five Exchange Business Days prior to and including (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and (y) the Share Amount applicable on (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, minus (II) the Strike Price. Amounts in the Local Currency will be converted into the Settlement Currency at the Spot Exchange Rate on the relevant dates, as determined by the Calculation Agent; and
- (B) if such Warrants are Put Warrants, unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency equal to (I) the Strike Price minus (II) the product of (x) the average of the Settlement Price, expressed in the Settlement Currency on each of the five Exchange Business Days prior to and including (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, and (y) the Share Amount applicable on (aa) in respect of European Style Warrants, the Exercise Date or (bb) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable. Amounts in the Local Currency will be converted into the Settlement Currency at the Spot Exchange Rate on the relevant dates, as determined by the Calculation Agent.

The Calculation Agent will determine the Share Amount and the Cash Settlement Amount of the Warrants in its sole discretion; and

- (ii) in the case of any other type of warrants, the formula specified in the applicable Pricing Supplement.

(c) *Interim Payment Amount*

The Issuer will pay an amount in cash in respect of each Warrant equal to any then unpaid Interim Payment Amount in accordance with this Condition 3(c).

The Issuer will, or will cause the Calculation Agent to (i) provide written notice to the Warrant Agent, on or prior to 10.30a.m. New York City time, on the Business Day immediately succeeding the date any Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it, of the Interim Payment Amount to be paid with respect to each Warrant in relation thereto, and (ii) subject to the occurrence of a Payment Disruption Event, pay such Interim Payment Amount to the Warrant Agent in time for delivery to the Warrantholders on the Interim Payment Date.

Payment of an Interim Payment Amount shall be made to the Warrantholder on the applicable **Interim Payment Date**, being the third Business Day following the date the relevant Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it, subject to the Calculation Agent's right to postpone and/or cancel payment of any Interim Payment Amount if any Payment Disruption Event occurs.

If the Share Company fails to deliver to a Qualified Investor entitled to receive it any Applicable Cash Dividend Amount before the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants) (the **Applicable Cash Dividend Failure Date**), the Warrantholders will receive no payment in respect of any such unpaid Applicable Cash Dividend Amount, and the Issuer will, or will cause the Calculation Agent to, provide written notice to the Warrant Agent promptly after such Applicable Cash Dividend Failure Date.

The Calculation Agent will determine the Interim Payment Amount, if any, of the Warrants in its sole discretion.

(d) *General*

- (i) The Cash Settlement Amount and Interim Payment Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, and with amounts equal to or greater than 0.005, but less than 0.01 (or in the case of Japanese Yen, half a unit and amounts greater but less than a whole unit) being rounded upwards. Warrants exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.
- (ii) Neither the Calculation Agent nor the Issuer nor any Manager nor the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount, Interim Payment Amount or other amount whatsoever.
- (iii) The purchase of any Warrant does not confer on the Warrantholder any beneficial interest in the Shares, whether in respect of voting, distributions or otherwise.

4. Exercise Procedure

(a) Automatic or Exercise Notice

Warrants shall be exercisable, as specified in the applicable Pricing Supplement:

- (i) by way of Automatic Exercise in accordance with Condition 4(b) (**Automatic Exercise**); or
- (ii) by the delivery, or the sending by tested telex (confirmed in writing) (or, if the Warrants are held in Euroclear, by the Euroclear Information Distribution System (**Euclid**) and if the Warrants are held in Clearstream, Luxembourg, by the Cedel Communication System (**Cedcom**)), or such other method as is acceptable to Euroclear and/or Clearstream, Luxembourg, of a duly completed exercise notice (an **Exercise Notice**) in the form set out in the Warrant Agreement or such other form as the Issuer shall determine (copies of which form may be obtained from Euroclear and/or Clearstream, Luxembourg and the Warrant Agents) to Euroclear and/or Clearstream, Luxembourg, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 3 and this Condition 4.

(b) Automatic Exercise

Automatic Exercise only applies to Warrants represented by a Global Warrant.

All European Style Warrants represented by a Global Warrant will be automatically exercised on the Exercise Date if the Warrants are in-the-money to the Warrantholder.

All of American Style Warrants represented by a Global Warrant, where Automatic Exercise is specified in the applicable Pricing Supplement, that remain unexercised after 10.00 a.m. (Brussels or Luxembourg time, as appropriate) on the Expiration Date will be automatically exercised on the Expiration Date if the Warrants are in-the-money to the Warrantholder.

(c) Exercise Notice

(1) In the case of American Style Warrants represented by a Global Warrant, the Exercise Notice shall:

- (i) specify the name(s) of the Warrantholder(s) exercising the Warrants;
- (ii) specify the address(es) of the Warrantholder(s) exercising the Warrants;
- (iii) specify the series number of the Warrants being exercised;
- (iv) specify the number of Warrants being exercised (which shall not be less than the Minimum Exercise Number);
- (v) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, from which to debit the Warrants being exercised;
- (vi) irrevocably instruct Euroclear or Clearstream, Luxembourg as the case may be, to debit, on or before the Settlement Date, from the Warrantholder's account, the Warrants being exercised;

- (vii) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg to be credited with the Cash Settlement Amount (if any) less Exercise Expenses (if any) for each Warrant being exercised relating to each Warrant being exercised;
- (viii) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants (**Exercise Expenses**) and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses to the Issuer or as it may direct;
- (ix) include an undertaking to indemnify the Issuer and the Warrant Agents in respect of their respective losses in respect of any transfer or attempt to transfer such Warrants following exercise, as described in Condition 4(g); and
- (x) include an undertaking to provide such various forms of certification in respect of selling and transfer restrictions under the securities, commodities and other laws of the United States of America or other jurisdictions as indicated and set out in the applicable Pricing Supplement and an authorisation for the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (2) In the case of Definitive Warrants, the form of Exercise Notice required to be delivered will be different to the form referred to in Condition 4(a)(ii). Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Warrant Agents.

(d) *Exercise Notice — Verification of the Warrantholder*

On the day of delivery of an Exercise Notice, Euroclear and/or Clearstream, Luxembourg shall verify that the person exercising the Warrants is the holder thereof according to the records of Euroclear and/or Clearstream, Luxembourg. Subject thereto, and by 11.00 a.m. (Brussels or Luxembourg time, as appropriate) on the same day, Euroclear and/or Clearstream, Luxembourg will confirm by tested telex (or such other method as may be agreed from time to time) to the Principal Warrant Agent the number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount of each Warrant being exercised. The Principal Warrant Agent will inform the Issuer that it has received such confirmation.

In the event that the Warrants are held in definitive form, the Principal Warrant Agent will verify that the person exercising the Warrants is the holder thereof and will inform the Issuer of the relevant details.

Euroclear and/or Clearstream, Luxembourg will on the Settlement Date debit from the account of the relevant Warrantholder the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Principal Warrant Agent shall note such exercise on the Schedule to such Global Warrant and the number of Warrants so constituted shall be reduced pro tanto by the cancellation of the Warrants so exercised.

(e) *Settlement*

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) less any Exercise Expenses (if any) for each duly exercised Warrant to, in the case of Automatic Exercise, the Warrantholder's account with Euroclear and/or Clearstream, Luxembourg or, in the case of exercise by way of Exercise Notice, the account with Euroclear and/or Clearstream, Luxembourg specified in the relevant Exercise Notice, for value on the Settlement Date.

Settlement procedures, where applicable, in respect of Definitive Warrants will be specified in the applicable Pricing Supplement.

(f) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form, and at what time the Exercise Notice is received by Euroclear and/or Clearstream, Luxembourg, shall be made by the operator of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. **Subject as set out below, if (i) the number of Warrants specified in an Exercise Notice exceeds the number of Warrants held in the relevant account with Euroclear or Clearstream, Luxembourg or (ii) any Exercise Notice is determined to be incomplete or not in proper form, or is not copied to the Principal Warrant Agent immediately after being delivered or sent to Euroclear and/or Clearstream, Luxembourg as provided in Condition 4(a)(ii), such Exercise Notice shall be null and void.**

If such Exercise Notice relates to Warrants represented by a Global Warrant and is subsequently corrected by the Warrantholder to the satisfaction of Euroclear and/or Clearstream, Luxembourg in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Euroclear and/or Clearstream, Luxembourg and the Principal Warrant Agent or such time as the Exercise Notice is copied to the Principal Warrant Agent, as the case may be.

In the case of Definitive Warrants any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Principal Warrant Agent in good faith, and shall be conclusive and binding on the Issuer and the relevant Warrantholder. If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Principal Warrant Agent.

In the case of American Style Warrants, any Warrant with respect to which the Exercise Notice has not been duly completed or corrected in the manner set out above on or before the cut off time specified in Condition 3(a)(i) and has not been automatically exercised in the manner set out in Condition 4(b) (if applicable) shall expire immediately without value thereafter and all rights of the Warrantholders and obligations of the Issuer with respect to such Warrants shall cease.

Euroclear and/or Clearstream, Luxembourg shall use their best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the case of Definitive Warrants, the Principal Warrant Agent will use its best efforts promptly to notify any Warrantholder who has submitted an Exercise Notice if the Principal Warrant Agent has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Warrant Agents and Euroclear and/or Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(g) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice such exercising Warrantholder may not transfer such Warrants.

If any Warrantholder does so transfer or attempt to transfer such Warrants, such Warrantholder will be liable to the Issuer and the Warrant Agents for any losses, costs and expenses suffered or incurred by the Issuer, including, without limitation, those suffered or incurred as a consequence of it having terminated any related hedging transactions in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging transactions in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging transactions.

(h) *Exercise Risk*

Exercise of the Warrants (whether Automatic Exercise or by Exercise Notice) is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date, as applicable (in the case of American Style Warrants), and neither the Issuer nor the Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor any Manager nor the Warrant Agents shall under any circumstances be liable for any acts or defaults of Euroclear and/or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Warrants.

(i) *Restrictions*

If the Pricing Supplement for the relevant Warrants indicates or if specified in the Warrant Agreement, the exercise of those Warrants will be conditional upon the person exercising the Warrants providing to the Principal Warrant Agent, or such other person as may be specified, a certification in the form set out in such Pricing Supplement.

5. Minimum and Maximum Number of Warrants Exercisable

The number of American Style Warrants exercisable by any Warrantholder on any Actual Exercise Date must be equal to the Minimum Exercise Number or any integral multiple thereof or such other number, in each case as specified in the applicable Pricing Supplement, as determined by the Issuer. Any Exercise Notice which purports to exercise Warrants in an amount less than the Minimum Exercise Number or an integral multiple thereof shall be void and of no effect.

If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (the number equal to the Maximum Exercise Number being the **Quota**) as specified in the applicable Pricing Supplement, the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day, and the deemed Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date; provided however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where the aggregate number of Warrants exercised on the same day by two or more Warrantholders exceeds the Quota, the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

6. Early Exercise

(a) Early Exercise Event

Unless otherwise specified in the applicable Pricing Supplement, an **Early Exercise Event** shall have occurred if on or after the Issue Date of the Warrants, the Calculation Agent determines that:

- (i) the Government Authority in the Relevant Jurisdiction imposes or changes, or announces a decision to impose or change, a tax with respect to the ownership or disposition of Shares that would be applicable to a Qualified Investor;
- (ii) a Qualified Investor will not be able to maintain any consent or license required from a Government Authority for the ownership of the Shares;
- (iii) the ability of a Qualified Investor holding Shares to hold, sell, transfer, dispose of or otherwise realise value on such holding of Shares is prevented or materially hindered or delayed due to either (A) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (B) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any type, riot, public demonstration, public protest or any other financial or economic reason or any other causes or impediments beyond the control of a Qualified Investor holding Shares; or
- (iv) an extraordinary corporate event has occurred including, without limitation (A) any reclassification or change of the Shares including, without limitation, as a result of the issuance of any tracking stock by the Share Company, (B) the Share Company or any Successor has been subject to a merger, combination or consolidation and is not the surviving entity, (C) any statutory exchange of securities of the Share Company or any Successor with another corporation occurs (other than pursuant to paragraph (iv)(B) above), (D) the Share Company is liquidated, (E) the Share Company issues to all of its shareholders equity securities of an issuer other than the Share Company (other than in a transaction described in paragraphs (iv)(B), (C) or (D) above), or (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Share Company.

Upon the occurrence of any event that constitutes more than one of an Early Exercise Event, a Market Disruption Event or any event that triggers the provisions in Condition 16(c), the Calculation Agent shall have sole discretion to determine which one or more of such events it shall be deemed to constitute.

(b) Issuer's Right following an Early Exercise Event

If an Early Exercise Event occurs, the Issuer shall have the right to accelerate (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable; and, in either case, the Calculation Agent may adjust the Cash Settlement Amount to be net of any taxes (based upon the maximum statutory rates) that would be imposed on a Qualified Investor by reason of Condition 6(a)(i), assuming a basis in each underlying Share equal to the market price of one Share on the Issue Date.

(c) Notice

If an Early Exercise Event occurs and the Issuer exercises its right to accelerate (i) in respect of European Style Warrants, the Exercise Date or (ii) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, the Issuer will send a notice to Euroclear or

Clearstream, Luxembourg, as the case may be, with a copy to the Principal Warrant Agent specifying (A) the nature of the Early Exercise Event, (B) the new Exercise Date (in the case of European Style Warrants) or the new Actual Exercise Date or the new Expiration Date, as applicable (in the case of American Style Warrants), and (C) the new Settlement Date.

7. Payment Disruption

Unless otherwise specified in the applicable Pricing Supplement, if the Calculation Agent determines that any of the following events has occurred either (i) after (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, but on or before the Settlement Date or (ii) after the date any Applicable Cash Dividend Amount is received by a Qualified Investor entitled to receive it but on or prior to the applicable Interim Payment Date (each a **Payment Disruption Event**):

- (i) it becomes impracticable for a Qualified Investor, in accordance with normal commercial practices, to obtain a firm foreign exchange quote to convert the Local Currency into the Settlement Currency; or
- (ii) any exchange controls are imposed by the Government Authority in the Relevant Jurisdiction or any other jurisdiction that may adversely affect the ability of a Qualified Investor to expatriate the Local Currency or remit the Settlement Currency abroad; or
- (iii) any expropriation, confiscation, requisition, nationalisation or other action is taken or threatened by any Government Authority that would generally affect a Qualified Investor; or
- (iv) any analogous event as determined by the Calculation Agent,

the Calculation Agent may (in its absolute discretion) (A) defer payment of the Cash Settlement Amount for up to 30 days and (B) defer payment of any then unpaid Interim Payment Amount until the day falling 30 days after the Interim Payment Date, until such time as payment may be made in accordance with the terms of the Warrants. If a Payment Disruption Event described in paragraph (i) or (ii) or (iv) (for an event analogous to (i) or (ii)) above occurs and is continuing on the 30th day of such deferral, the Issuer's only obligation under the Warrants in respect of the applicable payment will be to make the affected payment(s) in the Local Currency or the Settlement Currency, in the Issuer's sole discretion, in the Relevant Jurisdiction, in which case the Warrantholder will have responsibility for establishing an account in the Relevant Jurisdiction in order to receive such payments; provided that if it is impracticable or unlawful for the Issuer to pay the Cash Settlement Amount or the unpaid Interim Payment Amount in the Relevant Jurisdiction or the relevant Warrantholder does not establish the necessary account in the Relevant Jurisdiction to receive payment(s) in the currency the Issuer elects, the Issuer shall not be obligated to make payment of any such amounts so affected, as applicable.

If a Payment Disruption Event described in paragraph (iii) or (iv) (for an event analogous to (iii)) above occurs and is continuing on (A) the 30th day of a deferral in the case of a deferral of the payment of the Cash Settlement Amount or (B) the day falling 30 days after the Interim Payment Date, in the case of deferral of the payment of any then unpaid Interim Payment Amount, the Issuer shall not be obligated to make any payment(s) so affected as applicable.

If a Payment Disruption Event occurs and payment of the Cash Settlement Amount or any then unpaid Interim Payment Amount is postponed or cancelled, the Issuer shall, or shall cause the Calculation Agent to, provide notice immediately to the Warrant Agent specifying (1) the nature of the Payment Disruption Event, (2) the new Settlement Date or Interim Payment Date, as applicable, and (3) any cancellation of payment of the Cash Settlement Amount or the unpaid Interim Payment Amount so affected, as applicable.

Upon the occurrence of any event that constitutes both an Early Exercise Event and a Payment Disruption Event, the Calculation Agent shall have sole discretion to determine whether the event constitutes an Early Exercise Event or a Payment Disruption Event.

8. Purchases

The Issuer and any of its affiliates shall have the right to purchase or otherwise acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate. Any Warrants so purchased may be resold or surrendered for cancellation, or held and then resold or surrendered for cancellation, and, if cancelled, may not be reissued by the Issuer.

9. Agents and Determination

(a) Agents

The specified offices of the Agents are set out at the end of these Terms and Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents provided that no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on the Luxembourg Stock Exchange or any other stock exchange(s), there shall be a Warrant Agent having a specified office in each location to the extent required by the rules and regulations of the Luxembourg Stock Exchange or the rules and regulations of such other stock exchange(s) on which the Warrants may be listed, as applicable. Notice of any termination of appointment and of any changes in the specified office of any Agent will be given to Warrantholders in accordance with Condition 11. In acting under the Warrant Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg and any Warrant Agent's determinations and calculations in respect of the Warrants shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

(b) Calculation Agent

In relation to each issue of Warrants where there is a Calculation Agent, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders or Euroclear and/or Clearstream, Luxembourg.

All calculations and determinations made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders. The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(c) Determinations by the Issuer

Any determination made by the Issuer pursuant to these Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Warrantholders.

10. Meetings of Warrantholders and Modification

(a) Meetings

The Warrant Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agreement) of a modification of these Terms and Conditions or the Warrant Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Warrantholders in accordance with Condition 11. Such a meeting may be convened by the Issuer or Warrantholders holding not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. The quorum at a meeting of the Warrantholders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons holding Warrants or representing Warrantholders, whatever the number of Warrants so held or represented. The quorum at a meeting of Warrantholders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. (by number) of the Warrants for the time being remaining unexercised or at any adjourned meeting two or more persons holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-fourths of the votes cast by Warrantholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 4 prior to the date of the meeting. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 4 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Warrantholders. Resolutions can be passed in writing if passed unanimously.

(b) Modifications

The Issuer may modify these Terms and Conditions and/or the Warrant Agreement without the consent of the Warrantholders in any manner which the Issuer may deem necessary or desirable provided that such modification does not adversely affect the interests of the Warrantholders in any material respect or such modification is of a formal, minor or technical nature or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein or to permit the issue by the Issuer of additional Warrants of any kind not contemplated herein and in any other manner with the prior consent of the requisite majority of Warrantholders as specified in the Warrant Agreement. Notice of any such modification will be given to the Warrantholders in accordance with Condition 11 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification. In connection with such right of modification the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for any particular Warrantholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such modification.

11. Notices

In the case of Warrants represented by a Global Warrant, all notices to Warrantholders shall be valid if delivered (i) to Euroclear and Clearstream, Luxembourg for communication by them to the Warrantholders and (ii) so long as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange.

In the case of Definitive Warrants, all notices to Warrantholders shall be valid if delivered to the Principal Warrant Agent, for communication by it to the Warrantholders or publication in a leading English language newspaper with circulation in Europe. In either case, if the Warrants are listed on the Luxembourg Stock Exchange, and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the Luxemburger Wort or the Tageblatt.

Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, as the case may be such publication or, if published more than once, on the date of the first such publication.

12. Taxation

The Issuer shall not be liable for, or otherwise obliged to pay, any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrants and all payments made by the Issuer under the Warrants shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

All payments to be made by a Warrantholder to the Issuer (or the Principal Warrant Agent or Euroclear and/or Clearstream, Luxembourg) shall be made in gross amount, without withholding or deduction for or on account of tax or otherwise.

13. Further Issues

The Issuer shall be at liberty from time to time, without the consent of Warrantholders, to create and issue further Warrants so as to form a single series with the Warrants.

14. Financial Information

As soon as they are available after the close of each fiscal year during the term of the Programme, the Issuer shall provide each Warrant Agent with copies of its accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents and quarterly reports of the Issuer, shall be made available to the Warrantholders at the specified office of each Warrant Agent during the term of the Programme.

15. Governing Law

The Warrants shall be governed by and construed in accordance with English law. The Issuer irrevocably agrees for the exclusive benefit of each Warrantholder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and that accordingly any suit, action or proceeding (together in this Condition 15 referred to as **Proceedings**) arising out of or in connection with the Warrants may be brought in such courts. Nothing contained in this Condition 15 shall limit the right of any Warrantholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Issuer agrees that process in connection with Proceedings in the courts of England will be validly served on it if served upon it at Morgan Stanley & Co. International Limited at 25 Cabot Square, Canary Wharf, London E14 4QA unless otherwise specified in the applicable Pricing Supplement.

16. Additional Terms for Share Warrants

(a) General definitions

For the purposes of this Condition 16:

Shares and **Share** mean, subject to adjustment in accordance with this Condition 16, the shares or a share of the relevant Share Company and related expressions shall be construed accordingly;

Share Company means the company whose Shares relate to a particular series of Warrants and shall have the meaning specified in the applicable Pricing Supplement; and

Market Disruption Event means, with respect to Shares, the occurrence or existence of either of the following events as determined by the Calculation Agent:

- (i) a suspension of trading, or material limitation or absence of trading, or material limitation on the permitted or possible trading price(s) of trading, on the Exchange for more than two hours of trading or during the one-half hour preceding the close of trading of any session on the Exchange, or a breakdown or failure during the last one-half hour preceding the close of trading of any session on the Exchange in the price or trading system of the Exchange; or
- (ii) the suspension of trading, or material limitation or absence of trading, or material limitation on the permitted or possible trading price(s) of trading, on the principal exchange for trading in futures or options contracts related to the Shares (if any) for more than two hours of trading or during the one-half hour preceding the close of trading of any session on such exchange.

(b) Market Disruption

For purposes of determining whether a **Market Disruption Event** has occurred:

- (i) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant Exchange;
- (ii) a decision to permanently discontinue trading in the relevant futures or options contract will not constitute a Market Disruption Event;
- (iii) limitations on trading or price during significant market fluctuations will constitute a suspension, absence or material limitation of trading;
- (iv) a suspension of trading in a futures or options contract on the Shares by the principal exchange for trading in such contract by reason of (A) a price change exceeding limits set by such exchange, (B) an imbalance of orders relating to such contracts, or (C) a disparity in bid and ask quotes relating to such contracts, will constitute a suspension or material limitation of trading in futures or options contracts related to the Shares; and
- (v) a suspension, absence or material limitation of trading on the principal exchange on which futures or options contracts related to the Shares are traded will not include any time when such exchange is itself closed for trading under ordinary circumstances.

If a Market Disruption Event occurs on any of the five Exchange Business Days prior to and including (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, such date will be postponed

by one Exchange Business Day for every day during such period that a Market Disruption Event occurs; provided that (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, shall not be postponed due to a Market Disruption Event beyond the 90th day following the date that would have been (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, absent the occurrence of the Market Disruption Event. If a Market Disruption Event would, but for the provision in the immediately preceding sentence, cause (A) in respect of European Style Warrants, the Exercise Date or (B) in respect of American Style Warrants, the Actual Exercise Date or Expiration Date, as applicable, to be after such 90th day (the **MDE End Date**), then (A) in respect of European Style Warrants, such Exercise Date or (B) in respect of American Style Warrants, such Actual Exercise Date or Expiration Date, as applicable, will be the MDE End Date. In such event the Calculation Agent shall obtain bids from as many dealers in the Shares (other than dealers that are subsidiaries or affiliates of the Issuer), but not exceeding three, and will make such bid prices available to the Calculation Agent as soon as commercially practicable after 12:00 noon (local time in the market of such principal exchange) on the MDE End Date. The Calculation Agent shall use the average, expressed in the Settlement Currency, of such bids to calculate the Cash Settlement Amount, substituting such average for the Settlement Price of one Share on each of the five Exchange Business Days prior to and including the Actual Exercise Date or the Expiration Date, as applicable (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants) that are so affected by such Market Disruption Event (each such date a **MDE Valuation Date**). If by the 14th day following the MDE End Date, the Calculation Agent is not able to obtain at least one bid from a dealer (that is not a subsidiary or affiliate of the Issuer), the Calculation Agent shall calculate the Cash Settlement Amount, substituting U.S.\$0.00 for the Settlement Price of one Share, for each such MDE Valuation Date.

(c) *Antidilution Adjustments*

- (i) The Share Amount will be adjusted as follows if any of the following events occurs during the period from and including the Issue Date to and including (A) in respect of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date or (B) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date:
 - (I) If the Shares are subject to a stock split or reverse stock split, then once such split has become effective, the Share Amount will be adjusted to equal the product of the prior Share Amount and a fraction, the numerator of which is the number of shares of the Share Company outstanding immediately after such stock split or reverse stock split, and the denominator of which is the number of shares of the Share Company outstanding immediately prior to such stock split or reverse stock split.
 - (II) If there is an ex-dividend date in respect of a stock dividend or other distribution of the Shares by the Share Company that is ratably distributed to holders of the Shares (**Stock Dividends**), the Share Amount will be adjusted so that the new Share Amount shall equal the prior Share Amount plus the product of (A) the number of shares distributed with respect to one Share and (B) the prior Share Amount; provided, however, if Stock Dividends are not delivered to a Qualified Investor entitled to receive them at least five Exchange Business Days before the Settlement Date, the adjustment to the Share Amount specified in this paragraph (II) shall not be made in calculating the Cash Settlement Amount on the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date (in the case of American Style Warrants); *provided that* if such Stock Dividends are delivered to a Qualified Investor entitled to receive them prior to the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any

original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants), on the tenth Exchange Business Day following the delivery of such Stock Dividends, an additional payment per Warrant will be made to Warrantholders equal to the product of (i) the average of the Settlement Price of one Share on each of the five Exchange Business Days following and excluding the dates such Stock Dividends are delivered to a Qualified Investor entitled to receive them and (ii) the relevant number of shares comprising the Stock Dividends to which each Qualified Investor is entitled with respect to each Share. Payment of the amount specified in the preceding sentence shall be subject to deferrals and other adjustments in accordance with Conditions 7 and 16(b), as if such payment were a payment of an Interim Payment Amount, *mutatis mutandis*; *provided, however*, that if such Stock Dividend are not delivered to a Qualified Investor entitled to receive them before the 120th day after the earlier of the original Exercise Date and any accelerated Exercise Date (in the case of European Style Warrants) or the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date (in the case of American Style Warrants), Warrantholders will not receive any payment, and the Share Amount will not be adjusted, in respect of such Stock Dividends.

- (III) There will be no adjustments to the Share Amount to reflect cash dividends (whether extraordinary or not) paid with respect to the Shares.
- (IV) There will be no adjustments to the Share Amount to reflect non-cash distributions paid with respect to the Shares other than distributions described in paragraph (I) or (II) above, sub-paragraphs (A) and (E) of paragraph (V) below and Extraordinary Non-Cash Dividends as described below. A non-cash distribution with respect to one Share will be deemed to be an **Extraordinary Non-Cash Dividend** if such distribution exceeds in value the immediately preceding regularly scheduled cash dividend or the immediately preceding non-cash dividend that does not constitute an Extraordinary Non-Cash Dividend for one Share by an amount equal to at least 10% of the Settlement Price of one Share (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a stock split or reverse stock split) on the Exchange Business Day preceding the ex-dividend date for the payment of such Extraordinary Non-Cash Dividend. If an Extraordinary Non-Cash Dividend occurs with respect to the Shares, the Share Amount will be adjusted on the ex-dividend date with respect to such Extraordinary Non-Cash Dividend so that the new Share Amount will equal the product of (A) the then current Share Amount and (B) a fraction, the numerator of which is the Settlement Price of one Share on the Exchange Business Day preceding the ex-dividend date, and the denominator of which is the amount by which the Settlement Price of one Share on the Exchange Business Day preceding the ex-dividend date exceeds the Extraordinary Non-Cash Dividend Amount. The **Extraordinary Non-Cash Dividend Amount** with respect to an Extraordinary Non-Cash Dividend for the Shares will equal (I) in the case of distributions that constitute regularly scheduled dividends, the value per share of such Extraordinary Non-Cash Dividend minus the value per share of the immediately preceding regularly scheduled cash dividend, if any, or the immediately preceding non-cash dividend that does not constitute an Extraordinary Non-Cash Dividend for the Shares or (II) in the case of distributions that do not constitute regularly scheduled dividends, the value per share of such Extraordinary Non-Cash Dividend, in either case as determined by the Calculation Agent, whose determination shall be conclusive. A distribution on the Shares described in paragraph (I) or (II) above or sub-paragraph (A) or (E) of paragraph (V) below that also constitutes an Extraordinary Non-Cash Dividend shall cause an adjustment to the Share Amount pursuant only to paragraph (I) or (II) above or sub-paragraph (A) or (E) of paragraph (V) below, as applicable, and determined by the Calculation Agent.

- (V) If (A) there occurs any reclassification or change of the Shares, including, without limitation, as a result of the issuance of any tracking stock by the Share Company, (B) the Share Company or any Successor has been subject to a merger, combination or consolidation and is not the surviving entity, (C) any statutory exchange of securities of the Share Company or any Successor with another corporation occurs (other than pursuant to paragraph (B) above), (D) the Share Company is liquidated, (E) the Share Company issues to all of its shareholders equity securities of an issuer other than the Share Company (other than in a transaction described in sub-paragraph (B), (C) or (D) above) (a **Spin-off Event**) or (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Share Company (any such event in sub-paragraphs (A) through (F) above, a **Reorganisation Event**), the method of determining the Cash Settlement Amount payable upon exercise for each Warrant will be adjusted to provide that the determination of the Cash Settlement Amount will be based on the Transaction Value (as defined below), rather than on the Settlement Price of the Shares. If Exchange Property (as defined below) includes a cash component, holders will not receive any interest accrued on such cash component. **Exchange Property** means the securities, cash or any other assets distributed to holders of the Shares in any such Reorganisation Event, including, in the case of the issuance of tracking stock, the reclassified Shares and, in the case of a Spin-off Event, the Shares with respect to which the spun-off security was issued. **Transaction Value** means (X) for any cash received in any such Reorganization Event, the amount of cash received per share of the Share Company, (Y) for any property other than cash or securities received in any such Reorganisation Event, the market value (as determined by the Calculation Agent by obtaining and calculating the average of bids from as many dealers in such property, but not exceeding three, as will make such bid prices available to the Calculation Agent as commercially practicable after 12:00 noon (local time in the location of the Exchange) on the date of the receipt of such property; in obtaining such bids, the Calculation Agent may obtain bids from its subsidiaries or affiliates, provided that such bids from its subsidiaries or affiliates shall represent a minority of all such bids obtained) of such Exchange Property received for each share of the Share Company at the date of the receipt of such Exchange Property *provided, however*, that in the event the Calculation Agent is not able to obtain at least one bid from a dealer, the market value of such property shall be deemed to be zero, and (Z) for any security received in any such Reorganisation Event, an amount equal to the market price per share of such security, as determined on the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date, as applicable (in the case of American Style Warrants), multiplied by the quantity of such security received for each Share. If Exchange Property consists of securities, those securities will, in turn, be subject to the antidilution adjustments set forth in paragraphs (I) through (VI).

For purposes of this paragraph (V), in the case of a consummated tender or exchange offer or going-private transaction involving Exchange Property of a particular type, Exchange Property shall be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer with respect to such Exchange Property (in an amount determined on the basis of the rate of exchange in such tender or exchange offer or going-private transaction). In the event of a tender or exchange offer or going-private transaction with respect to Exchange Property in which an offeree may elect to receive cash or other property, Exchange Property shall be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

- (VI) If more than one of the events set out above in paragraphs (I) through (V) occurs, the adjustments to the Share Amount for the second and subsequent events shall be to the Share Amount as adjusted for preceding events. The Calculation Agent shall make all adjustments to the Share Amount with respect to distributions on or in relation to the Shares (or any other security) net of any and all withholding taxes (based upon the maximum statutory rates).
- (ii) No adjustments to the Share Amount or to the method of calculating the Share Amount will be required other than those specified in Condition 16(c)(i). The adjustments specified in Condition 16(c)(i) do not cover all of the events that could affect the Settlement Price of the Shares. However, the Issuer may, at its sole discretion, cause the Calculation Agent to make additional changes to the Share Amount or to adjust the method of determining the Cash Settlement Amount upon the occurrence of corporate or other similar events that affect or could potentially affect the Settlement Price of, or shareholders' rights in, the Shares (or other Exchange Property), but only to reflect such changes, and not with the aim of changing relative investment risk. In addition, the Issuer may, at its sole discretion, cause the Calculation Agent to alter the specific adjustments set forth above in paragraphs (I) through (VI) upon the occurrence of one or more of the events enumerated in paragraphs (I) through (VI), if the Issuer determines that such adjustments do not properly reflect the economic consequences of the events enumerated in such paragraphs or would not preserve the relative investment risks. There may be corporate or other similar events that could affect the Settlement Price of the Shares for which the Calculation Agent will not adjust the Share Amount.
- (iii) Any alterations to the specific adjustments set forth above may be materially adverse to the Warrantholders.
- (iv) If any currency exchange transactions are required in connection with adjustments to the Share Amount, the Calculation Agent shall determine the Spot Exchange Rate to be used in such currency exchange transactions.
- (v) No adjustments to the Share Amount will be required unless such adjustment would require a change of at least 0.1% in the Share Amount then in effect. The Share Amount resulting from any of the adjustments specified above will be rounded to the nearest one hundred-thousandth with five one-millionths being rounded upward (e.g., 0.876545 would be rounded to 0.87655).
- (vi) The Calculation Agent will provide information as to any adjustments to the Share Amount or to the method of calculating the Cash Settlement Amount upon written request by a Warrantholder.

17. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

Actual Exercise Date means, in the case of American Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, the date during the Exercise Period on which the Warrant is actually exercised or is deemed to be exercised (as is more fully set out in and subject to, Condition 3(a));

American Style Warrants means Warrants designated in the applicable Pricing Supplement as "American Style";

Applicable Cash Dividend Amount shall mean the net cash dividend on one Share, paid to a Qualified Investor entitled to receive it in respect of any single declaration of cash dividends, expressed in the Settlement Currency as determined by the Calculation Agent, the ex-dividend date for which falls during the period from and including the Launch Date to and including (a) in respect

of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date (b) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date, unless otherwise specified in the applicable Pricing Supplement;

Applicable Cash Dividend Failure Date shall have the meaning assigned thereto in Condition 3(c);

Automatic Exercise shall have the meaning assigned thereto in Condition 5(b);

Business Day means a day (other than a Saturday or Sunday) on which banks are open for business in the relevant Business Day Centre(s) and Euroclear and/or Clearstream, Luxembourg is/are open for business;

Business Day Centre shall have the meaning specified in the applicable Pricing Supplement;

Call Warrants means Warrants designated as “Call Warrants” in the applicable Pricing Supplement;

Cash Settlement Amount means the amount to which the Warrantholder is entitled in the Settlement Currency as determined by the Calculation Agent pursuant to Condition 3(b);

Cedcom shall have the meaning assigned thereto in Condition 4(a);

Definitive Warrants means Warrants issued in definitive form;

Definitive Warrant Certificate means a certificate representing a Definitive Warrant;

Disqualified Transferee shall have the meaning assigned thereto in Condition 1(c);

Early Exercise Event shall have the meaning assigned thereto in Condition 6(a);

Euclid shall have the meaning assigned thereto in Condition 4(a);

European Style Warrants means Warrants designated in the applicable Pricing Supplement as “European Style”;

Exchange or **Exchanges** means the exchange or exchanges specified in the applicable Pricing Supplement;

Exchange Business Day means a day, as determined by the Calculation Agent, on which trading is generally conducted on the Exchange or Exchanges, if applicable;

Exchange Property shall have the meaning assigned thereto in Condition 16(c);

Exercise Date means, in the case of European Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, the date upon which the Warrants are exercisable as specified in the applicable Pricing Supplement;

Exercise Expenses shall have the meanings assigned thereto in Condition 4(c)(1) and 4(c)(2);

Exercise Notice shall have the meaning assigned thereto in Condition 4(a);

Exercise Period means, in respect of American Style Warrants, the period during which the Warrants can be exercised as specified in the applicable Pricing Supplement;

Expiration Date shall, in the case of American Style Warrants, subject to acceleration in relation to an Early Exercise Event or postponement in relation to a Market Disruption Event, have the meaning assigned thereto in Condition 3(a);

Extraordinary Non-Cash Dividend shall have the meaning assigned thereto in Condition 16(c);

Government Authority means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Information Memorandum means the information memorandum to be published by the Issuer in connection with its Programme for the issue of Warrants;

Interim Payment Amount shall mean an amount in the Settlement Currency equal to the product of (a) any Applicable Cash Dividend Amount and (b) the Share Amount applicable on the relevant ex-dividend date (net of any and all withholding taxes based upon the maximum statutory rates (or any other rate specified in the Pricing Supplement) applicable to a Qualified Investor in connection with the receipt of such dividends);

Interim Payment Date shall have the meaning assigned thereto in Condition 4(c);

Issue Date shall have the meaning specified in the applicable Pricing Supplement;

Korean Investor ID Holder means an entity incorporated outside Korea that is holding an investment identity card issued by the Korean Financial Supervisory Service;

Launch Date shall have the meaning specified in the applicable Pricing Supplement;

Local Currency shall have the meaning specified in the applicable Pricing Supplement;

Malaysian Foreign Investor means a corporation that both (i) is incorporated outside Malaysia, and (ii) does not have any place of business in Malaysia;

Manager means the manager appointed by the Issuer in connection with the issue of a particular series of Warrants;

Market Disruption Event in relation to Share Warrants, shall have the meaning assigned thereto in Condition 16;

Master Guarantee means the guarantee dated as of November 27, 2003 made by the Guarantor in favour of Warrantholders in respect of the Issuer's obligations in relation to any Warrants issued by it under the Programme;

Mauritius FII means a Mauritius-incorporated entity with either foreign institutional investor (**FII**) status in India or a registered FII sub-account in India;

Maximum Exercise Number means, in relation to American Style Warrants, the maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) as specified in the applicable Pricing Supplement;

MDE End Date in relation to a Market Disruption Event, shall have the meaning assigned thereto in Condition 16(b);

MDE Valuation Date shall have the meaning assigned thereto in Condition 16(b);

Minimum Exercise Number means, in relation to American Style Warrants, the minimum number of Warrants that may be exercised on any day by any Warrantholder as specified in the applicable Pricing Supplement;

Minimum Purchase Amount means the minimum number of Warrants that may be sold to an investor as specified in the applicable Pricing Supplement;

Minimum Trading Amount means, in relation to Warrants to be listed on the Luxembourg Stock Exchange, the minimum number of Warrants that may be traded on the relevant stock exchange in a single transaction as specified in the applicable Pricing Supplement;

Payment Disruption Event shall have the meaning assigned thereto in Condition 7;

Programme means the warrant programme referred to in this Information Memorandum;

Proceedings shall have the meaning assigned thereto in Condition 15;

Put Warrants means Warrants designated as “Put Warrants” in the applicable Pricing Supplement;

Qualified Investor means, unless otherwise specified in the applicable Pricing Supplement, where the Relevant Jurisdiction is Korea, Taiwan, India or Malaysia, a Korean Investor ID Holder, a Taiwan FINI, a Mauritius FII and a Malaysian Foreign Investor, respectively;

Quota shall have the meaning assigned thereto in Condition 5;

Register shall have the meaning assigned thereto in Condition 1(b);

Relevant Jurisdiction shall have the meaning specified in the applicable Pricing Supplement;

Reorganisation Event shall have the meaning assigned thereto in Condition 16(c);

Settlement Currency means the settlement currency for the payment of the Cash Settlement Amount, as specified in the applicable Pricing Supplement;

Settlement Date means, unless otherwise specified in the applicable Pricing Supplement, the third Business Day following the Exercise Date (in the case of European Style Warrants) or Actual Exercise Date or Expiration Date (in the case of American Style Warrants), subject to the right of the Calculation Agent to postpone and/or cancel payment of the Cash Settlement Amount if any Payment Disruption Event occurs;

Settlement Price shall mean, unless otherwise specified in the applicable Pricing Supplement, the volume weighted average price for the Shares traded on the Exchange (as published by Bloomberg Financial Markets Information Service), as determined by the Calculation Agent after the close of the Exchange on the relevant date;

Share Amount shall mean, subject to adjustment in accordance with Condition 16(c), the number of underlying Shares per Warrant, as specified in the applicable Pricing Supplement;

Share Company shall have the meaning assigned thereto in Condition 16;

Shares and **Share** shall have the meaning assigned thereto in Condition 16;

Share Warrant means a Warrant relating to one or more Shares as specified in the applicable Pricing Supplement;

Spin-off Event shall have the meaning assigned thereto in Condition 16(c);

Spot Exchange Rate means the spot rate of exchange for conversion of the Local Currency into the Settlement Currency for any date as determined by the Calculation Agent;

Stock Dividend means Stock Dividends (as defined in Condition 16(c)) the ex-dividend date for which falls during the period from and including the Issue Date to and including (a) in respect of European Style Warrants, the fifth Exchange Business Day prior to the earlier of the original Exercise Date and any accelerated Exercise Date or (b) in respect of American Style Warrants, the fifth Exchange Business Day prior to the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date;

Strike Price means the strike price of the Warrant as specified in the applicable Pricing Supplement;

Successor means, in respect of a Share Company, any surviving entity or subsequent surviving entity of the Share Company;

Taiwan means the Republic of China, Taiwan;

Taiwan FINI means an entity incorporated outside Taiwan with foreign institutional investor (FINI) status in Taiwan;

Transaction Value shall have the meaning assigned thereto in Condition 16(c);

Warrant Agreement means the master warrant agreement between, inter alia, the Issuer and the Agents dated November 27, 2003 (as the same may be modified, amended, restated, varied or supplemented from time to time); and

Warrantholder shall have the meaning assigned thereto in Condition 1(b).

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Warrants, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

The specified offices of the Warrant Agents at the date hereof are as follows:

In the case of the Principal Warrant Agent
Morgan Stanley Dean Witter Asia Limited
30th Floor
Three Exchange Square
Central
Hong Kong
(Attention: Equity Documentation Group)

In the case of the Luxembourg Warrant Agent
Dexia Banque Internationale à Luxembourg
69 route d'Esch
L-2953
Luxembourg
(Attention: New Issues - Transactional Execution Group)

USE OF PROCEEDS

Each Issuer, as applicable, will use the net proceeds from the sale of the Warrants for general corporate purpose or for any other purposes described in the applicable Pricing Supplement and, in whole or in part, by such Issuer or one or more of its affiliates in connection with hedging its obligations under the Warrants. General corporate purposes may include additions to working capital, the redemption of outstanding preferred stock, the repurchase of outstanding common stock and the repayment of indebtedness. Each Issuer anticipates that it will raise additional funds from time to time through equity or debt financing, including borrowings under revolving credit agreements to finance its business worldwide.

On or prior to the date of the applicable Pricing Supplement, the applicable Issuer, including through its affiliates or others, may hedge its anticipated exposure in connection with the Warrants by taking positions in Shares or other securities to which the Warrants are linked, in futures or options contracts related to such Shares or other securities listed on major securities markets or in any other available securities or instruments that such Issuer may wish to use in connection with such hedging. In the event that the applicable Issuer pursues such a hedging strategy, the price at which it is able to purchase such positions may be a factor in determining the pricing of the Warrants. Purchase activity could potentially increase the price of Shares or other securities to which the Warrants are linked and therefore effectively increase the level to which such Shares or other securities must rise before the amount Warrantholders would receive pursuant to the terms of such Warrants is equal to or greater than the purchase price of the Warrants that such Warrantholder purchased.

Although the Issuers have no reason to believe that their hedging activity will have a material impact on the price of Shares or other securities to which the Warrants described in a particular Pricing Supplement are linked, they cannot give any assurance that they will not affect such price as a result of their hedging activities. The applicable Issuer, including through its affiliates, may modify its hedge position throughout the life of such Warrants, by purchasing and selling Shares or other securities to which such Warrants are linked, futures or options contracts related to such Shares or other securities listed on major securities markets (if any) or positions in any other available securities or instruments that the applicable Issuer may wish to use in connection with such hedging.

FORM OF MASTER GUARANTEE

Master Guarantee, dated on or about November 27, 2003, by Morgan Stanley, a Delaware corporation (the **Guarantor**), in favour of the Warrantholders (as defined below).

1. Interpretation

For the purposes hereof, the terms **Warrantholders**, **Warrants**, **Entitlement** and **Cash Settlement Amount** each have the meaning given to it in the Terms and Conditions of the Regulation S Warrants and the Terms and Conditions of the Unitary Warrants as set out in Annex 1 and Annex 5, respectively to the Master Warrant Agreement dated November 27, 2003 between MSDW Asia Securities Products LLC (the **Company**), Morgan Stanley, Morgan Stanley Dean Witter Asia Limited, Morgan Stanley & Co. International Limited and Dexia Banque Internationale à Luxembourg (the **Master Warrant Agreement**).

2. Guarantee

To induce the Warrantholders to purchase the Warrants, the Guarantor absolutely, unconditionally and irrevocably guarantees to the Warrantholders, their successors, endorsees and assigns the prompt performance when due, (in respect of Regulation S Warrants only) subject to any applicable grace period and the Guarantor's option to vary settlements as set out in paragraph 3 below, of all present and future obligations of the Company to the Warrantholders under the Warrants (the **Obligations**).

3. Guarantor's Option to Vary Settlements

In respect of Regulation S Warrants only, the Guarantor, in discharging its obligations with respect to any Obligation, may, at its sole and absolute discretion, in respect of each Warrant elect not to deliver or procure delivery of the Entitlement but to make payment of the Cash Settlement Amount to the relevant Warrantholders.

4. Nature of Guarantee

The Guarantor's obligations hereunder with respect to any Obligation shall not be affected by the existence, validity, enforceability, perfection or extent of any security given by any other person for such Obligation. The Guarantor agrees that the Warrantholders may resort to the Guarantor for performance of any of the Obligations whether or not the Warrantholders shall have resorted to any security granted by any other person therefor or shall have proceeded against the Company or any other obligor principally or secondarily obligated with respect to any of the Obligations. The Warrantholders shall not be obligated to file any claim relating to the Obligations in the event that the Company becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Warrantholders to so file shall not affect the Guarantor's obligations hereunder. This Guarantee shall remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until all of the Obligations have been satisfied in full. In the event that any payment or (in respect of Regulation S Warrants only) delivery, as the case may be, to the Warrantholders in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder to a Warrantholder with respect to such Obligations as if such payment or (in respect of Regulation S Warrants only) delivery, as the case may be, had not been made. The Guarantor reserves the right to (a) set off against any payment owing hereunder to a Warrantholder any amounts owing by that Warrantholder to the Company and (b) assert defenses which the Company may have to payment of any Obligations other than defenses expressly waived hereby.

5. Changes in Obligations, Collateral therefor and Agreements Relating thereto; Waiver of Certain Notices

The Guarantor agrees that the Warrantholders may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor:

- (a) extend the time of performance of, exchange or surrender any collateral for, or renew any of the Obligations; and
- (b) make any agreement with the Company or with any other party to or person liable on any of the Obligations or interested therein:
 - (i) for the extension, renewal, payment, performance, compromise, discharge or release thereof, in whole or in part;
 - (ii) for any modification of the terms thereof or of any agreement between the Warrantholders and the Company or any such other party or person,

without in any way impairing or affecting this Guarantee.

The Guarantor waives notice of presentment, demand for performance, notice of dishonour and protest.

6. Expenses

The Guarantor agrees to pay on demand all reasonable out of pocket expenses (including the reasonable fees and expenses of counsel to the Warrantholders) relating to the successful enforcement or protection of the rights of the Warrantholders hereunder; provided, that the Guarantor shall not be liable for any expenses of the Warrantholders if no performance under this Guarantee is due.

7. Subrogation

Upon performance of any of the Obligations, the Guarantor shall be subrogated to the rights of the Warrantholders against the Company with respect to such Obligations, and the Warrantholders agree to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until all obligations then due to be performed by the Company under the Warrants shall have been satisfied in full.

8. No Waiver; Cumulative Rights

The liabilities and obligations of the Guarantor under this Guarantee shall remain in force notwithstanding any failure or delay on the part of the Warrantholders in exercising any right, remedy or power hereunder. Any single or partial exercise by the Warrantholders of any right, remedy or power hereunder shall not preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Warrantholders or allowed them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Warrantholders (acting together or individually) at any time or from time to time.

9. Representations and Warranties

The Guarantor hereby represents and warrants that:

- (a) the Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power to execute, deliver and perform this Guarantee;
- (b) the execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of the Guarantor's certificate of incorporation or by-laws, as amended to date, or any law, regulation, rule, decree, order, judgment or contractual restriction binding on the Guarantor or its assets;
- (c) all consents, licenses, clearances, authorizations and approvals of, and registrations and declarations with, any governmental authority or regulatory body necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance of this Guarantee; and
- (d) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

10. Assignment

The Guarantor may not assign its rights, interests and obligations hereunder to any other person (except by operation of law) without the prior written consent of the Warrantholders.

A Warrantholder may not assign its rights, interests and obligations hereunder other than to an assignee or transferee to which it has transferred its interests and obligations under the Warrant held by the Warrantholder in accordance with the Terms and Conditions of the Warrants.

11. Notices

All notices or demands on the Guarantor shall be deemed effective when received, shall be in writing and shall be delivered by hand or by registered mail, or by facsimile transmission promptly confirmed by registered mail, addressed to the Guarantor at:

Morgan Stanley
1585 Broadway
New York 10020
U.S.A.
Attention: Treasurer
Fax: (212) 762 0337

or to such other address or fax number as the Guarantor shall have notified the Warrantholders in a written notice delivered to the Warrantholders in accordance with the terms and conditions of the Warrants.

12. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

13. Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of England.

IN WITNESS WHEREOF, this Guarantee has been duly executed and delivered as a deed poll by the Guarantor to the Warrantholders as of the date first above written.

EXECUTED AS A DEED POLL)
by MORGAN STANLEY)
and signed and delivered as)
a deed poll on its behalf)

By:

Name:

Title:

INFORMATION ON THE REGULATION S AND THE UNITARY WARRANT ISSUER

General

MSDW Asia Securities Products LLC (**MSDWASP**), the Regulation S Issuer and the Unitary Warrant Issuer, was incorporated for an indefinite period on November 23, 1995 as an exempted company under the laws of the Cayman Islands. As at November 27, 2003, it has an authorised share capital of US\$50,000 divided into 5,000,000 ordinary shares of US\$0.01 each, of which 991 shares have been issued.

MSDWASP is a wholly-owned direct subsidiary of Morgan Stanley Dean Witter (Hong Kong) Holdings, which is an indirect wholly-owned subsidiary of the Guarantor. As at November 27, 2003, MSDWASP has the following subsidiaries:

1. Morgan Stanley Dean Witter Asia Limited
2. Morgan Stanley Dean Witter Hong Kong Securities Limited
3. Morgan Stanley Dean Witter Futures (Hong Kong) Limited
4. Morgan Stanley Dean Witter Pacific Limited

The registered office of the Regulation S Issuer is at Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands.

MSDWASP has no employees.

Business

MSDWASP was formed to be the majority holder of the Guarantor's operating Hong Kong companies and the booking entity for the Guarantor's non-Japan Asia transactions.

Directors

The directors of the Regulation S Issuer, as at November 27, 2003 are as follows:

Stephen Chamberlain*
Alexander C. Frank**
Harvey B. Mogenson**
Stan Siao*

The business address of the above Directors for the purpose of their directorship is c/o Morgan Stanley Dean Witter Asia Limited:

* 30th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong

** 1221 Avenue of the Americas, New York, New York 10020, U.S.A.

Capitalisation of the Issuer

<i>(in U.S. dollars)</i>	December 31, 2002	December 31, 2001	December 31, 2000
Liabilities			
Short-term borrowings	\$34,258,024	\$109,937,142	\$70,358,974
Financial Instruments sold, not yet repurchased	\$159,913,351	\$91,379,260	\$119,468,443
Securities sold under agreements to repurchase	\$1,327,926	\$16,877,046	\$14,678,300
Other liabilities and accrued expenses	\$10,093,311	\$9,036,017	\$57,881,628
Long-term borrowings	—	—	—
Total	\$205,592,612	\$227,229,465	\$262,387,345
Shareholders' equity:			
Paid-in capital	\$10	\$10	\$10
Reserves	\$161,531,422	\$152,757,252	\$290,330,654
Subtotal	\$161,531,432	\$152,757,262	\$290,330,664
Total Liabilities and Shareholders' Equity	\$367,124,044	\$379,986,727	\$552,718,009

There has been no material change in the capitalisation of the Issuer since December 31, 2002.

Financial Statements

Since the date of incorporation, no financial statements of the Issuer have been published. MSDWASP is not required by Cayman Islands law, and does not intend, to publish any financial statements.

INFORMATION ON THE RULE 144A ISSUER/GUARANTOR

1. History and Business

Morgan Stanley (**Morgan Stanley**) is a global financial services firm that maintains leading market positions in each of its business segments — Institutional Securities, Individual Investor Group, Investment Management and Credit Services. Unless the context otherwise requires, the term **Morgan Stanley** means Morgan Stanley and its consolidated subsidiaries.

Morgan Stanley's Institutional Securities business segment includes:

- *Investment banking*, including securities underwriting and distribution; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance.
- *Sales, trading, financing and market-making activities in equity securities and related products and fixed income securities and related products including foreign exchange and commodities.*
- *Other activities*, such as principal investing and aircraft financing.

Morgan Stanley's Individual Investor Group business segment includes:

- *Comprehensive financial planning and investment advisory services* designed to accommodate individual investment goals and risk profiles.

Morgan Stanley's Investment Management business segment includes:

- *Global asset management products and services for individual and institutional investors* through three principal distribution channels: a proprietary channel consisting of Morgan Stanley's financial advisors and investment representatives; a non-proprietary channel consisting of third-party broker-dealers, banks, financial planners and other intermediaries; and Morgan Stanley's institutional channel.
- *Private equity activities.*

Morgan Stanley's Credit Services business segment includes:

- *Discover Financial Services*, which offers Discover®-branded cards and other consumer finance products and services.
- *Discover Business Services*, a network of merchant and cash access locations primarily in the United States.

Morgan Stanley provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals.

Morgan Stanley conducts its business from its headquarters in New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centres. At November 30, 2002, Morgan Stanley had 55,726 employees world-wide. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. In June 2002, Morgan Stanley changed its name from "Morgan Stanley Dean Witter & Co." to "Morgan Stanley". Morgan Stanley's principal executive offices are at 1585 Broadway, New York, New York 10036, and its telephone number is (212) 761-4000.

The registered office of Morgan Stanley is:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801
U.S.A.

2. Board of Directors

Morgan Stanley's Board of Directors currently consists of Philip J. Purcell, the Chairman and Chief Executive Officer, Robert G. Scott, the President and Chief Operating Officer, Robert P. Bauman, John E. Jacob, C. Robert Kidder, Charles F. Knight, John W. Madigan, Miles L. Marsh, Michael A. Miles and Laura D'Andrea Tyson.

The business address of the directors is 1585 Broadway, New York, New York 10036, U.S.A.. The Executive Vice President, Chief Legal Officer and Secretary of the Issuer is Donald G. Kempf, Jr.

3. Where More Information About Morgan Stanley Can Be Obtained

See "Available Information" on page 7.

Capitalisation of Morgan Stanley

The following table sets forth the unaudited consolidated capitalisation and indebtedness of Morgan Stanley as of August 31, 2003, based on Morgan Stanley's unaudited condensed consolidated financial statements for the quarter ended August 31, 2003.

The following information should be read in conjunction with Morgan Stanley's audited consolidated financial statements for its 2002, 2001 and 2000 fiscal years, the related notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations, all as contained in Morgan Stanley's Annual Report on Form 10-K for the fiscal year ended November 30, 2002, and Morgan Stanley's unaudited condensed consolidated financial statements for the quarter ended August 31, 2003 and Management's Discussion and Analysis of Financial Condition and Results of Operations, all as contained in Morgan Stanley's Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

<i>(in millions, except share data)</i>	August 31, 2003
Commercial paper and other short-term borrowings ⁽¹⁾	U.S.\$ 28,782
Current portion of long-term borrowings	11,637
Total short-term indebtedness ⁽³⁾⁽⁴⁾	U.S.\$ 40,419
Long-term borrowings ⁽²⁾⁽³⁾⁽⁴⁾	U.S.\$ 51,658
Capital Units	66
Preferred Securities Subject to Mandatory Redemption	2,810
Shareholders' equity:	
Common stock, U.S. \$0.01 par value; authorized 3,500,000,000 shares; issued and fully paid up 1,211,699,552 shares; outstanding 1,088,107,975 shares	12
Paid-in capital	3,288
Retained earnings	27,270
Employee stock trust	2,778
Accumulated other comprehensive income (loss)	(239)
Subtotal	33,109
Note receivable related to ESOP	(8)
Common stock held in treasury, at cost, U.S. \$0.01 par value, 123,591,577 shares	(6,616)
Common stock issued to employee trust	(2,778)
Total shareholders' equity	23,707
Total capitalisation ⁽⁴⁾	U.S.\$ 78,241
Total capitalisation and total short-term indebtedness ⁽⁴⁾	U.S.\$118,660

-
- (1) Other short-term borrowings include bank loans, Federal Funds and bank notes.
 - (2) Subsequent to August 31, 2003 and through September 30, 2003, additional senior notes in an aggregate principal amount of U.S.\$333 million were issued. Morgan Stanley currently has effective registration statements pursuant to which it may issue up to an aggregate principal amount of U.S.\$33.5 billion of debt securities, warrants, preferred stock, depositary shares, purchase contracts, units and capital securities.
 - (3) As of August 31, 2003, Morgan Stanley guaranteed U.S.\$13 billion of senior indebtedness of its subsidiaries of which U.S.\$2.8 billion represents preferred securities subject to mandatory redemption. As of the date of this prospectus supplement, all of Morgan Stanley's indebtedness is unsecured and not guaranteed by any third party.

In accordance with U.S. GAAP, Morgan Stanley's contingent liabilities where a liability is less than probable or cannot be reasonably estimated are discussed in Note 9 to Morgan Stanley's Consolidated Financial Statements in the Annual Report on Form 10-K for the fiscal year ended November 30, 2002 and in Note 9 to Morgan Stanley's Condensed Consolidated Financial Statements in the Quarterly Report on Form 10-Q for the quarters ended August 31, 2003, May 31, 2003 and February 28, 2003.

- (4) As of the date of this prospectus supplement and except as disclosed in these footnotes to the preceding table, there has been no material change in the capitalisation, indebtedness and contingent liabilities of Morgan Stanley or in the amount of indebtedness guaranteed by Morgan Stanley since August 31, 2003.

MORGAN STANLEY

Condensed Consolidated Statements of Financial Condition

(dollars in millions, except share data)

	August 31, 2003	November 30, 2002
Assets	(unaudited)	
Cash and cash equivalents	\$24,272	\$29,212
Cash and securities deposited with clearing organizations or segregated under federal and other regulations (including securities at fair value of \$23,906 at August 31, 2003 and \$27,721 at November 30, 2002)	33,115	38,411
Financial instruments owned (approximately \$66 billion at August 31, 2003 and \$71 billion at November 30, 2002 were pledged to various parties):		
U.S. government and agency securities	27,222	32,474
Other sovereign government obligations	18,493	27,694
Corporate and other debt	71,654	55,254
Corporate equities	22,792	21,996
Derivative contracts	43,506	35,615
Physical commodities	656	355
Securities purchased under agreements to resell	74,271	76,910
Securities received as collateral	22,320	12,200
Securities borrowed	162,366	130,404
Receivables:		
Consumer loans (net of allowances of \$988 at August 31, 2003 and \$928 at November 30, 2002)	18,449	23,014
Customers, net	34,391	22,262
Brokers, dealers and clearing organizations	5,625	2,250
Fees, interest and other	4,638	4,892
Office facilities, at cost (less accumulated depreciation and amortization of \$2,475 at August 31, 2003 and \$2,206 at November 30, 2002)	2,354	2,270
Aircraft under operating leases (less accumulated depreciation of \$968 at August 31, 2003 and \$769 at November 30, 2002)	4,472	4,849
Goodwill	1,466	1,449
Other assets	8,570	7,988
Total assets	\$580,632	\$529,499

(dollars in millions, except share data)

August 31, 2003 November 30, 2002

(unaudited)

Liabilities and shareholders' equity

Commercial paper and other short-term borrowings	\$ 28,782	\$ 50,789
Deposits	13,312	13,757
Financial instruments sold, not yet purchased:		
U.S. government and agency securities	16,883	13,235
Other sovereign government obligations	24,567	11,679
Corporate and other debt	11,116	12,240
Corporate equities	20,257	18,320
Derivative contracts	36,008	28,985
Physical commodities	3,223	1,833
Securities sold under agreements to repurchase	139,890	136,463
Obligation to return securities received as collateral	22,320	12,200
Securities loaned	57,490	43,229
Payables:		
Customers	95,896	88,229
Brokers, dealers and clearing organizations	4,857	4,610
Interest and dividends	2,512	3,363
Other liabilities and accrued expenses	13,641	12,245
Long-term borrowings	63,295	55,161
	554,049	506,338
Capital Units	66	66
Preferred Securities Subject to Mandatory Redemption	2,810	1,210
Commitments and contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 3,500,000,000 shares authorized, 1,211,699,552 and 1,211,685,904 shares issued, 1,088,107,975 and 1,081,417,377 shares outstanding at August 31, 2003 and November 30, 2002, respectively)	12	12
Paid-in capital	3,288	3,678
Retained earnings	27,270	25,250
Employee stock trust	2,778	3,003
Accumulated other comprehensive income (loss)	(239)	(251)
Subtotal	33,109	31,692
Note receivable related to ESOP	(8)	(13)
Common stock held in treasury, at cost (\$0.01 par value, 123,591,577 and 130,268,527 shares at August 31, 2003 and November 30, 2002, respectively)	(6,616)	(7,176)
Common stock issued to employee trust	(2,778)	(2,618)
Total shareholders' equity	23,707	21,885
Total liabilities and shareholders' equity	\$580,632	\$529,499

UNITED STATES TAXATION FOR RULE 144A WARRANTS AND UNITARY WARRANTS

The following summary is a general discussion of the principal U.S. federal income tax consequences that may be relevant to a Warrantholder if it is a beneficial owner of the Rule 144A Warrants or the Unitary Warrants (the **Warrants**) who is:

- an individual who is a citizen or resident of the United States, or
- a U.S. domestic corporation, or
- any other person that is subject to U.S. federal income tax on a net income basis in respect of its investment in the Warrants.

The summary is based on U.S. federal income tax laws, regulations, rulings and decisions in effect as of the date of this Information Memorandum, all of which are subject to changes at any time (possibly with retroactive effect) that may affect the tax consequences described herein.

This summary addresses the U.S. federal income tax consequences to a Warrantholder if the Warrantholder is an initial holder of the Warrants, purchases the Warrants at the applicable issue price and will hold the Warrants as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Warrants by any particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers. Thus, for example, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a Warrantholder in light of the Warrantholder's individual circumstances or if the Warrantholder is a taxpayer subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, certain financial institutions, insurance companies, tax-exempt organizations, persons who hold a Warrant as a part of a hedging transaction, straddle, conversion or other integrated transaction, or a person who sold or otherwise disposed of shares of a relevant Share Company and also acquired a Warrant relating to such shares during the sixty-one day period beginning 30 days before the date of such sale or disposition. Moreover, the effect of any applicable state, local or foreign tax laws is not discussed. Prospective purchasers of the Warrants should consult their own tax advisor as to the federal, state, local and foreign tax law consequences of acquiring, holding and disposing of the Warrants.

This summary addresses only Warrants that are call Warrants on the Shares of a single non-U.S. issuer, with a zero strike price and providing for cash settlement in U.S. dollars based on a Settlement Price equal to the volume weighted average price for the relevant Shares; and that provide for Interim Payment Amounts payable three business days after the date that a Qualified Investor would be entitled to receive the relevant dividend from the issuer (absent an Applicable Cash Dividend Failure Date) in an amount equal to the U.S. dollar equivalent of such dividend less withholding tax at the maximum statutory rate that would be imposed by the jurisdiction of the Shares issuer on dividends paid to a Qualified Investor; and as to which all determinations by the Calculation Agent are made in a commercially reasonable manner based on objective prices, valuations and rates to the extent possible. The U.S. federal income tax consequences of other Warrants will be described in the applicable supplement.

General

Pursuant to the terms of the Warrants, the Rule 144A Warrants Issuer or the Unitary Warrants Issuer (the **Issuer**) and Warrantholders agree (in the absence of an administrative determination or judicial ruling to the contrary) to characterize the Warrants for all tax purposes as prepaid cash settlement forward contracts with respect to the Shares, which entitle Warrantholders to receive upon exercise the Cash Settlement Amount based on the average of the Settlement Price of the Shares. The

description below of the treatment of the Warrants for U.S. federal income tax purposes under that characterization and under possible alternative characterizations is based on the advice of Cleary, Gottlieb, Steen & Hamilton, our special tax counsel. The treatment of the Warrants described above is not, however, binding on the Internal Revenue Service (**IRS**) or the courts. No statutory, judicial or administrative authority directly addresses the characterization of the Warrants or instruments similar to the Warrants for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Warrants. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Warrants are uncertain.

Tax Treatment of the Warrants

Settlement of the Warrants. Under the characterization of the Warrants described above, upon the receipt of cash upon exercise of the Warrants, Warrantholders will recognize gain or loss. Except as described in the following paragraph, the amount of such gain or loss will be equal to the difference between the amount of the cash received and a Warrantholder's basis in the Warrants. A Warrantholder's tax basis in the Warrants will equal the amount that such Warrantholder paid to acquire the Warrants, as the case may be. Any such gain or loss will be long-term capital gain or loss if a Warrantholder held the Warrants for more than one year at the time of exercise.

Amounts attributable to stock distributions on the Shares generally should be treated as paid as part of the amounts realized on disposition of an investment in the Warrants, as described in the prior paragraph, but it is possible that such amounts will in certain circumstances, including the payment of such amounts after the Settlement Date, be treated instead as ordinary income. Prospective purchasers of the Warrants are urged to consult their tax advisors regarding the U.S. federal income tax consequences of receiving amounts attributable to stock distributions on Shares.

Interim Payment Amounts. Under the characterization of the Warrants discussed above, the Interim Payment Amounts paid generally will be treated as ordinary income that is taken into account in accordance with a Warrantholder's method of tax accounting, and that will not qualify for the reduced tax rate applicable to dividends received by individuals and certain other investors.

Sale or Exchange of the Warrants. Under the characterization of the Warrants described above, upon sale or exchange of a Warrant a Warrantholder will generally recognize capital gain or loss equal to the difference between the amount realized on such sale or exchange and the Warrantholder's tax basis in the Warrants, as the case may be, so sold or exchanged. Capital gain or loss will generally be long-term capital gain or loss if a Warrantholder held the Warrants for more than one year as of the time of sale or exchange.

Constructive Ownership

Section 1260 of the Code treats a taxpayer owning certain types of derivative positions in property as having "constructive ownership" in that property, with the result that all or a portion of the long-term capital gain recognized by such taxpayer with respect to the derivative position may be recharacterized as ordinary income. Section 1260 in its current form would not apply to the Warrants unless the Share Company is treated as a "passive foreign investment company" or as one of certain other kinds of passive foreign companies. Prospective purchasers of the Warrants should consult their tax advisor to determine whether the Share Company would be treated as such a company. Moreover, Section 1260 authorizes the Treasury Department to promulgate regulations (possibly with retroactive effect) to expand the application of the "constructive ownership" regime. There is no assurance that the Treasury Department will not promulgate regulations to apply the regime to the Warrants. If Section 1260 were to apply to the Warrants, a Warrantholder would be required to treat all or a portion of the long-term capital gain (if any) that a Warrantholder recognizes on sale, exchange, maturity, redemption or other taxable disposition of the Warrants as ordinary income, but only to the extent such long-term capital gain exceeds the long-term capital

gain that a Warrantholder would have recognized if it had acquired the Shares on the Issue Date of the Warrants and disposed of the Shares upon disposition of the Warrants. In addition, Section 1260 would impose an interest charge on the gain that was recharacterized on the sale, exchange, exercise or other taxable disposition of the Warrants.

Possible Alternative Tax Treatment

Due to the absence of authorities that directly address the proper characterization of the Warrants, no assurance can be given that the IRS will accept, or that a court will uphold, the characterization and tax treatment of the Warrants described above. Accordingly, it is possible that the IRS could seek to characterize the Warrants in a manner that results in tax consequences different from those described above under “Tax Treatment of the Warrants”. In particular, the timing and character of income or loss from the Warrants could be significantly affected.

Under an alternative characterization of the Warrants, it is possible, for example, that the Warrants could be characterized for U.S. federal income tax purposes as debt instruments that are subject to the Treasury regulations governing contingent payment debt instruments (the **Contingent Payment Regulations**). The Issuer believe that the Warrants should not be characterized as debt instruments because the Warrants provide economic returns that are based on the performance of the Shares and offer no assurance that an investment in the Warrants will be returned to a Warrantholder on exercise. However, if the IRS were successful in asserting that the Contingent Payment Regulations applied to the Warrants, among other matters, a Warrantholder would be required to accrue income, as original issue discount, at a “comparable yield” for the Issuer, as the case may be, on the purchase price. Furthermore, any gain realized with respect to the Warrants would generally be treated as ordinary income.

Under another alternative characterization, it is also possible that a Warrant could be treated as a unit consisting of a loan and a forward contract, in which case a Warrantholder would be required to accrue a significant amount of original issue discount on a current basis during the period in which a Warrantholder holds the Warrants. Alternatively, it is possible that a Warrantholder could be treated as the owner of Shares for U.S. federal income tax purposes, in which case, among other matters, such Warrantholder would be subject to tax on dividends on the Shares in an amount equal to the gross dividends paid by the Share Company without reduction for any withholding taxes. Accordingly, prospective purchasers of the Warrants are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Warrants.

In addition, the IRS and U.S. Treasury Department have indicated that they plan to publish guidance with respect to accrual of income on certain derivative financial instruments with contingent payments, including prepaid forward contracts. If such guidance were issued, a Warrantholder could be required to include income during the term of the Warrants.

Backup Withholding and Information Reporting

Warrantholders may be subject to information reporting and to backup withholding on the amounts paid to them, unless they are a corporation or come within certain other exempt categories or they provide proof of a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the Warrantholder’s U.S. federal income tax liability, provided the required information is furnished to the IRS.

CAYMAN ISLANDS TAXATION

Under existing Cayman Islands laws:

- (i) payments in respect of the Regulation S Warrants will not be subject to taxation in the Cayman Islands (the **Islands**) and no withholding will be required on such payments to any holder of a Regulation S Warrant and gains derived from the sale of Regulation S Warrants will not be subject to income or corporation tax in the Islands. The Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (ii) the holder of any Regulation S Warrants (or the legal personal representative of such holder) whose Regulation S Warrants are brought into the Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Islands in respect of such Regulation S Warrants; and
- (iii) no or nominal stamp duty only will be payable in the Islands on any Regulation S Warrant or transfer thereof which is executed in or thereafter brought to the Islands.

The Regulation S Issuer has been incorporated under the laws of the Islands as an exempted company and, as such, has obtained an undertaking from the Governor in Council of the Islands substantially in the following form:

“The Tax Concessions Law (1995 Revision) Undertaking as to Tax Concessions

In accordance with the provisions of Section 6 of the Tax Concessions Law (1995 Revision), the Governor In Council undertakes with MSDW Asia Securities Products LLC (the Company):

- (i) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the aforesaid exempted company or its operations and
- (ii) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company
 - (a) on or in respect of the shares debentures or other obligations of the Company or
 - (b) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1995 Revision).

These concessions shall be for a period of 20 years from the 5th day of December, 1995.

Governor In Council”

ERISA CONSIDERATIONS FOR RULE 144A WARRANTS AND UNITARY WARRANTS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**)) subject to Title I of ERISA (a **Plan**), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the Warrants. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan. Plans are also subject to certain other requirements under Title I of ERISA, including the indicia of ownership provisions of Section 404(b). Any Plan fiduciary causing a Plan to acquire Warrants should satisfy itself that the Plan's acquisition, holding and disposition of the Warrants will not constitute or result in a violation of such provisions.

In addition, the Rule 144A Issuer and the Unitary Warrant Issuer and their respective subsidiaries and affiliates may each be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the **Code**), with respect to many Plans, as well as "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code (also, **Plans**). Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the Warrants are acquired by, on behalf of or with the assets of a Plan with respect to which the Rule 144A Issuer or the Unitary Warrant Issuer or any of their affiliates is a service provider, unless the Warrants are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under Section 406 of ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (**PTCEs**) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the Warrants under ERISA and the Code. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers).

Employee benefit plans which are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the restrictions or requirements of Title I of ERISA or Section 4975 of the Code, but may be subject to federal, state, local, non-US or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (such plans, also **Plans**).

Accordingly, the Warrants may not be purchased or held by any Plan, any entity whose underlying assets could be deemed to include the assets of any Plan by reason of 29 CFR 2510.3-101 or otherwise (such an entity also, a **Plan**) or any person acting on behalf of or investing the assets of any Plan, unless such purchaser or holder is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 (or similar exemption from similar law). Any purchaser or holder of the Warrants, including any fiduciary causing such purchaser or holder to acquire or hold the Warrants, will represent, or be deemed to have represented, in its corporate and its fiduciary capacity, that on each day from the date of its acquisition of the Warrants through and including the date of its disposition of such Warrants either (a) it is not a Plan and is not acting on behalf of or investing the assets of any Plan or (b) its acquisition, holding and disposition of the Warrants (i) will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or any substantially similar law) by reason of PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law)

and (ii) will not constitute or result in a violation of Section 404(b) of ERISA (or any laws or regulations that are substantially similar to ERISA or the Code). Any purchaser or holder of the Warrants, including any fiduciary causing such purchaser or holder to acquire or hold the Warrants, agrees to indemnify and hold the Rule 144A Issuer or Unitary Warrant Issuer, as the case may be, harmless from any cost, damage or loss incurred by it as a result of the foregoing representations being or becoming untrue. Any transfer of the Warrants in violation of the foregoing representations will be of no force and effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instruction to the contrary to the Rule 144A Issuer, the Unitary Warrant Issuer, the Warrant Agent or any intermediary.

Under ERISA and the Code, assets of a Plan may include assets held in the general account of an insurance company which has issued an insurance policy to such Plan or assets of an entity in which the Plan has invested. Accordingly, insurance company general accounts that include assets of a Plan must ensure that one of the foregoing exemptions is available.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions and other violations of ERISA or similar law, it is particularly important that fiduciaries or other persons considering purchasing the Warrants on behalf of or with the assets of any Plan consult with their counsel.

Purchasers of the Warrants have exclusive responsibility for ensuring that their purchase, holding and disposition of the Warrants do not violate the prohibited transaction rules and other provisions of Title I of ERISA or Section 4975 of the Code (or substantially similar provisions under other laws). In addition, persons considering the purchase of Warrants on behalf of or with the assets of any Plan should consult with their counsel as to whether the purchase of Warrants will satisfy the indicia of ownership requirements under Title I of ERISA.

Investors should consult the applicable Pricing Supplement for any additional information and/or restrictions with respect to the matters discussed herein.

NOTICE TO PURCHASERS AND HOLDERS OF WARRANTS AND SELLING RESTRICTIONS

As a result of the following restrictions, purchasers of Warrants in the United States or who are otherwise U.S. persons (as defined in Regulation S) are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Warrants.

Each purchaser of any Warrants will by its purchase of such Warrants be deemed to acknowledge, represent and agree to all of the following (in relation to the type of Warrants being purchased) (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (1) that either (a) or (b) below applies in full to it:
 - (a) in the case of exchange or transfer in the United States or to, or for the account or benefit of, a U.S. person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant:
 - i. it is a QIB;
 - ii. it is acting for its own account, or the account of another entity that meets the requirements of this paragraph (1)(a);
 - iii. either (x) it is not a Plan or acting on behalf of or investing the assets of any Plan, or (y) its acquisition, holding and disposition of the Warrants: (A) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (B) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar law); where "Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise;
 - iv. it will provide notice of applicable transfer restrictions to its subsequent transferee; or
 - (b) in the case of exchange or transfer of a Warrant in the United States or to, or for the account or benefit of, a U.S. person who takes delivery in the form of Warrants represented by a Unitary Global Warrant such exchange or transfer being effected to or through the Issuer or an affiliate of the Issuer and either:
 - i. (A) it is a QIB that is also a QP;
 - (B) it is not a dealer as described in Rule 144A(a)(1)(ii) which owns and invests on a discretionary basis less than \$25,000,000 in securities of issuers that are not affiliated with it;

- (C) it is not a (a) partnership, (b) common trust fund, (c) special trust, pension fund or retirement plan or (d) other entity in which the partners, beneficiaries, beneficial owners or participants, as the case may be, may designate the particular investments to be made or the allocation thereof;
 - (D) if it is an investment company excepted from the 1940 Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) thereof with respect to its U.S. holders) and was formed on or before April 30, 1996, it has received the consent of those of its beneficial owners who acquired their interests on or before April 30, 1996 with respect to its treatment as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and the rules thereunder;
 - (E) it is not formed for the purpose of investing in the Warrants or other securities of the Issuer unless each of its beneficial owners is a QIB and QP who was not so formed;
 - (F) it is acting for its own account, or the account of another entity that meets the requirements of this paragraph (1)(b);
 - (G) either (x) it is not a Plan or acting on behalf of or investing the assets of any Plan, or (y) its acquisition, holding and disposition of the Warrants: (A) will not constitute or result in a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any substantially similar law) by reason of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14 (or similar exemption from similar law); and (B) will not constitute or result in a violation of Section 404(b) of ERISA (or any substantially similar law); where "Plan" includes (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) "plans" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, (iii) "governmental plans" (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) or foreign plans (as described in Section 4(b)(4) of ERISA) subject to any non-U.S., federal, state or local law which is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, or (iv) any entity whose underlying assets could be deemed to include the assets of any of the foregoing by reason of 29 CFR 2510.3-101 or otherwise;
 - (H) it will provide notice of applicable transfer restrictions to its subsequent transferee; or
- ii. (A) it is outside the United States and is not a U.S. person and is acquiring the Warrants in an offshore transaction in compliance with Regulation S; and
 - (B) it will provide notice of applicable transfer restrictions to any subsequent transferees;
- (2) that it understands and acknowledges that the Warrants have not been registered and will not be registered under the Securities Act or any other applicable securities law, are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (8) below;

- (3) that in issuing Warrants linked to any underlying asset, the relevant Issuer is not making, and has not made any representations whatsoever as to any such underlying asset or any information contained in any document filed by any such issuer of such underlying asset with any exchange or with any governmental entity regulating the purchase and sale of securities or the Warrants linked to any underlying asset;
- (4) in the case of Share Warrants, that the Issuers and any of their respective affiliates may, whether by virtue of the types of relationships described above or otherwise, at the date hereof or at any time hereafter, be in possession of information in relation to any issuer of an underlying asset which is or may be material in the context of the Warrants linked to any underlying asset and which is or may not be known to the general public or the holder. The Warrants linked to any underlying asset do not create any obligation on the part of the Issuers or any affiliate of the Issuers to disclose to the holder any such relationship or information (whether or not confidential) and neither of the Issuers nor any other affiliate of the Issuers shall be liable to any holder by reason of such non-disclosure. No such information had been used in the selection of any issuer of an asset underlying the Warrants;
- (5) in the case of Share Warrants, that the relevant Issuer and any of their affiliates may have existing or future business relationships with any issuer of an underlying asset (including, but not limited to, lending, depository, risk management, advisory or banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for a holder of the Warrants linked to any such underlying asset;
- (6) that the market value of the Warrants linked to any such underlying asset may be adversely affected by movements in the value of the underlying asset or in currency exchange rates;
- (7) that the Cash Settlement Amount (if any) in respect of any Warrant may be less than its issue price;
- (8) that, if in the future it decides to resell, pledge or otherwise transfer the Warrants or any beneficial interests in the Warrants, it will do so, only (a) in respect of the Unitary Warrants, to the Unitary Warrant Issuer, or any affiliate thereof, or (b) in respect of Rule 144A Warrants, inside the United States to a person meeting the requirements of paragraph (1)(a) or (1)(b) above, as applicable, or to, or for the account or benefit of, a U.S. person meeting the requirements of paragraph (1)(a) or (1)(b) above, as applicable, or (c) in respect of Regulation S Warrants, to a non-U.S. person in an offshore transaction in compliance with Regulation S under the Securities Act;
- (9) that it will, and will require any subsequent Warrantholder from it to, notify any purchaser from that Warrantholder of the Warrants of the resale restrictions referred to in paragraph (2) above, if then applicable;
- (10) that Warrants initially offered exclusively to QIBs or to, or for the account or benefit of, U.S. persons who are QIBs, will be represented by one or more Rule 144A Global Warrants;
- (11) that Warrants initially offered to QIBs who are also QPs or to, or for the account or benefit of, U.S. persons who are QIBs and also QPs and concurrently outside the United States in reliance on Regulation S will be represented by one or more Unitary Global Warrants;
- (12) that it is purchasing the Warrants for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its

or their ability to resell such Warrants pursuant to Rule 144A or Regulation S (as applicable) or any exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Warrants, and each subsequent holder of the Warrants by its acceptance thereof will agree, to offer, sell or otherwise transfer such Warrants, only pursuant to the representations, restrictions and agreements described in the legends following this paragraph. It and any future purchaser acknowledges that each Global Warrant will contain a legend substantially to the following effect:

Rule 144A Global Warrants

“THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD IN VIOLATION OF THE SECURITIES ACT OR SUCH OTHER SECURITIES LAWS.

THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE MASTER WARRANT AGREEMENT REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS GLOBAL WARRANT ARE TRANSFERRED.

THE HOLDER OF ANY WARRANTS AND THE HOLDER OF ANY BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT, AGREES BY ITS ACQUISITION HEREOF FOR THE BENEFIT OF THE ISSUER THAT ANY BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY BE RESOLD OR OTHERWISE TRANSFERRED ONLY (1) INSIDE THE UNITED STATES TO A PERSON THAT IS A “QUALIFIED INSTITUTIONAL BUYER” (“QIB”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON WHO IS A QIB, IN EITHER CASE, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; OR (2) TO THE ISSUER OR ANY AFFILIATE THEREOF; AND (3) TO A PERSON THAT AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL OF THE REQUIREMENTS OF EITHER PARAGRAPH (1) OR (2) AND THAT AGREES NOT TO SUBSEQUENTLY TRANSFER ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT EXCEPT IN ACCORDANCE WITH THIS PARAGRAPH (3). EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH SUCH ACCOUNT SATISFIES THE REQUIREMENTS SET FORTH IN THE PRECEDING SENTENCE AND ANY RESALE OR OTHER TRANSFER OF ITS INTEREST IN SUCH WARRANTS MAY ONLY BE MADE TO A PERSON SATISFYING THE REQUIREMENTS IN THE PRECEDING SENTENCE. IF AT ANY TIME THE WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT SET FORTH HEREIN OR IN ANY LETTER DELIVERED TO THE ISSUER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A “DISQUALIFIED TRANSFEREE”) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF SUCH TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

THE WARRANTS MAY NOT BE PURCHASED OR HELD BY ANY PLAN (AS DEFINED IN APPENDIX A TO THE PRICING SUPPLEMENT) OR ANY PERSON ACTING ON BEHALF OF OR INVESTING THE ASSETS OF ANY PLAN, UNLESS SUCH PURCHASER OR HOLDER IS ELIGIBLE FOR EXEMPTIVE RELIEF, INCLUDING RELIEF AVAILABLE UNDER PTCE 96-23, 95-60, 91-38, 90-1, OR 84-14 (OR SIMILAR EXEMPTION FROM SIMILAR LAW). ANY PURCHASER OR HOLDER OF THE WARRANTS, INCLUDING ANY FIDUCIARY CAUSING SUCH PURCHASER OR HOLDER TO ACQUIRE OR HOLD THE WARRANTS, WILL REPRESENT, OR BE DEEMED TO HAVE REPRESENTED, IN ITS CORPORATE AND ITS FIDUCIARY CAPACITY, THAT ON EACH DAY FROM THE DATE OF ITS ACQUISITION OF THE WARRANTS THROUGH AND INCLUDING THE DATE OF ITS DISPOSITION OF SUCH WARRANTS EITHER (A) IT IS NOT A PLAN AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF ANY PLAN OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE WARRANTS (I) WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (OR ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW) BY REASON OF PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 OR PTCE 84-14 (OR SIMILAR EXEMPTION FROM SIMILAR LAW) AND (II) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF SECTION 404(B) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (OR ANY SUBSTANTIALLY SIMILAR LAW). ANY PURCHASER OR HOLDER OF THE WARRANTS, INCLUDING ANY FIDUCIARY CAUSING SUCH PURCHASER OR HOLDER TO ACQUIRE OR HOLD THE WARRANTS, AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER FROM ANY COST, DAMAGE OR LOSS INCURRED BY IT AS A RESULT OF THE FOREGOING REPRESENTATIONS BEING OR BECOMING UNTRUE. ANY TRANSFER OF THE WARRANTS IN VIOLATION OF THE FOREGOING REPRESENTATIONS WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE ISSUER, THE WARRANT AGENT OR ANY INTERMEDIARY.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF A WARRANT, THE PURCHASER THEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT."

Unitary Global Warrants

"THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD IN VIOLATION OF THE SECURITIES ACT OR SUCH OTHER SECURITIES LAWS.

THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE MASTER WARRANT AGREEMENT REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS GLOBAL WARRANT ARE TRANSFERRED.

THE HOLDER OF ANY WARRANTS AND THE HOLDER OF ANY BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT, AGREES BY ITS ACQUISITION HEREOF

FOR THE BENEFIT OF THE ISSUER THAT ANY BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY BE RESOLD OR OTHERWISE TRANSFERRED ONLY (1) TO OR THROUGH THE ISSUER TO A PERSON THAT IS NOT A "U.S. PERSON" (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) AND THAT IS ACQUIRING THE WARRANTS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT; OR (2) TO OR THROUGH THE ISSUER TO A PERSON (A) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (A **QIB**) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND A "QUALIFIED PURCHASER" (A **QP**) WITHIN THE MEANING OF SECTION 3(c)(7), AND AS DEFINED IN SECTION 2(a)(51)(A), OF THE 1940 ACT; (B) THAT IS NOT (i) A DEALER DESCRIBED IN RULE 144A(a)(1)(ii) THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED WITH THE DEALER, (ii) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, OR (iii) AN INVESTMENT COMPANY EXCEPTED FROM THE 1940 ACT PURSUANT TO SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(d) THEREOF RELYING ON SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF WITH RESPECT TO ITS U.S. HOLDERS) AND FORMED ON OR PRIOR TO APRIL 30, 1996, THAT HAS NOT RECEIVED THE CONSENT OF EACH OF ITS BENEFICIAL OWNERS WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE 1940 ACT AND THE RULES THEREUNDER; (C) THAT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE WARRANTS OR OTHER SECURITIES OF THE ISSUER UNLESS EACH OF ITS BENEFICIAL OWNERS IS BOTH A QIB AND A QP WHO WAS NOT SO FORMED; (D) THAT WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFeree; (E) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL OF THE REQUIREMENTS OF CLAUSES (A) THROUGH (E); AND (3) THAT AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT TO ANY PERSON EXCEPT TO OR THROUGH THE ISSUER TO A PERSON THAT MEETS ALL OF THE REQUIREMENTS OF EITHER CLAUSE (1) OR (2) AND THAT AGREES NOT TO SUBSEQUENTLY TRANSFER ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT EXCEPT IN ACCORDANCE WITH THIS CLAUSE (3). EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH SUCH ACCOUNT SATISFIES THE REQUIREMENTS SET FORTH IN THE PRECEDING SENTENCE AND ANY RESALE OR OTHER TRANSFER OF ITS INTEREST IN SUCH WARRANTS MAY ONLY BE MADE TO A PERSON SATISFYING THE REQUIREMENTS IN THE PRECEDING SENTENCE AND WILL REQUIRE THE SUBMISSION TO MORGAN STANLEY DEAN WITTER ASIA LIMITED (THE **WARRANT AGENT**) OF A DULY COMPLETED TRANSFeree LETTER, IN THE FORM AVAILABLE FROM THE WARRANT AGENT OR THE ISSUER WITH RESPECT TO ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT. IF AT ANY TIME THE WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT SET FORTH HEREIN OR IN ANY LETTER DELIVERED TO THE ISSUER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFeree (SUCH PURPORTED TRANSFeree, A "DISQUALIFIED TRANSFeree") AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFeree SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF SUCH TRANSFER OF SUCH INTEREST BY SUCH HOLDER; ALTERNATIVELY, THE ISSUER MAY REQUIRE ANY DISQUALIFIED TRANSFeree TO SELL SUCH INTEREST TO THE ISSUER OR AN ENTITY DESIGNATED BY THE ISSUER THAT WOULD NOT BE A DISQUALIFIED TRANSFeree.

THE WARRANTS MAY NOT BE PURCHASED OR HELD BY ANY PLAN (AS DEFINED IN APPENDIX A TO THE PRICING SUPPLEMENT) OR ANY PERSON ACTING ON BEHALF OF OR INVESTING THE ASSETS OF ANY PLAN, UNLESS SUCH PURCHASER OR HOLDER IS ELIGIBLE FOR EXEMPTIVE RELIEF, INCLUDING RELIEF AVAILABLE UNDER PTCE 96-23, 95-60, 91-38, 90-1, OR 84-14 (OR SIMILAR EXEMPTION FROM SIMILAR LAW). ANY PURCHASER OR HOLDER OF THE WARRANTS, INCLUDING ANY FIDUCIARY CAUSING SUCH PURCHASER OR HOLDER TO ACQUIRE OR HOLD THE WARRANTS, WILL REPRESENT, OR BE DEEMED TO HAVE REPRESENTED, IN ITS CORPORATE AND ITS FIDUCIARY CAPACITY, THAT ON EACH DAY FROM THE DATE OF ITS ACQUISITION OF THE WARRANTS THROUGH AND INCLUDING THE DATE OF ITS DISPOSITION OF SUCH WARRANTS EITHER (A) IT IS NOT A PLAN AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF ANY PLAN OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE WARRANTS (I) WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (OR ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW) BY REASON OF PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 OR PTCE 84-14 (OR SIMILAR EXEMPTION FROM SIMILAR LAW) AND (II) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF SECTION 404(B) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (OR ANY SUBSTANTIALLY SIMILAR LAW). ANY PURCHASER OR HOLDER OF THE WARRANTS, INCLUDING ANY FIDUCIARY CAUSING SUCH PURCHASER OR HOLDER TO ACQUIRE OR HOLD THE WARRANTS, AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER FROM ANY COST, DAMAGE OR LOSS INCURRED BY IT AS A RESULT OF THE FOREGOING REPRESENTATIONS BEING OR BECOMING UNTRUE. ANY TRANSFER OF THE WARRANTS IN VIOLATION OF THE FOREGOING REPRESENTATIONS WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE ISSUER, THE WARRANT AGENT OR ANY INTERMEDIARY.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF A WARRANT, THE PURCHASER THEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT."

Regulation S Global Warrants

"THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD IN VIOLATION OF THE SECURITIES ACT OR SUCH OTHER SECURITIES LAWS.

THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO IS NOT A "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND WHO IS ACQUIRING THE WARRANTS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT. EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH SUCH ACCOUNT SATISFIES THE REQUIREMENTS SET FORTH IN THE PRECEDING SENTENCE AND ANY RESALE OR OTHER TRANSFER OF ITS INTEREST IN SUCH WARRANTS MAY ONLY BE MADE TO A

PERSON SATISFYING THE REQUIREMENTS IN THE PRECEDING SENTENCE. CONSEQUENTLY, ANY OFFER, SALE, RESALE, TRADE OR DELIVERY MADE, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON WILL NOT BE RECOGNISED.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF A WARRANT, THE PURCHASER THEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.”;

- (12) that it agrees that in the event that at any time the Principal Warrant Agent determines or is notified by the relevant Issuer, the Guarantor or any of their affiliates that (i) a transfer or attempted or purported transfer of any interest in a Warrant was not consummated in compliance with the provisions of Condition 1(c) of the Regulation S Warrant Conditions, Condition 1(c) of the Rule 144A Warrant Conditions or Condition 1(c) of the Unitary Warrant Conditions, as applicable, (ii) it is in breach at the time given of any representation or agreement set forth in any certificate or letter or any deemed representation or agreement delivered or deemed to be made by such purchaser, or (iii) a transfer or attempted transfer of any interest in a Warrant was consummated which did not comply with the transfer restrictions set forth in Condition 1(c) of the Regulation S Warrant Conditions, Condition 1(c) of the Rule 144A Warrant Conditions or Condition 1(c) of the Unitary Warrant Conditions, as applicable, the purported transfer shall be absolutely null and void **ab initio** and shall vest no rights in such purchaser (being in such case, a **Disqualified Transferee**) and the last preceding holder of such interest that was not a Disqualified Transferee shall be restored to all rights as a Warrantholder thereof retroactively to the date of transfer of such interest by such Warrantholder;
- (13) (i) that it was afforded an opportunity to request from the relevant Issuer and/or Manager and/or Guarantor, in the case of Regulation S Warrants, and to review additional information considered by it to be necessary to verify the accuracy and completeness of the information herein, (ii) it has not relied on the Agents or any person affiliated with the Agents in connection with the investigation of the accuracy and completeness of such information or its investment decision and (iii) no person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum, the applicable Pricing Supplement or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the relevant Issuer, the Guarantor, any Manager of an issue of Warrants or the Calculation Agent (if any) (as described in the applicable Pricing Supplement); and
- (14) that the Issuers and/or Manager and/or Guarantor and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and that it agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer, as applicable; and if it is acquiring any Warrants as a fiduciary or agent for one or more accounts it represents that it has full investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Clearstream, Luxembourg or Euroclear (together, the **Clearing Systems**) currently in effect and subject as provided in the applicable Pricing Supplement. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers nor any agent party to the Master Warrant Agreement will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Warrants held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

Clearstream, Luxembourg and Euroclear

Clearstream, Luxembourg and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Transfers of Warrants Represented by Global Warrants

Transfers of any interests in Warrants represented by a Global Warrant within Clearstream, Luxembourg and Euroclear will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

On or after the issue date for any Warrants, transfers of such Warrants between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment may apply to such transfers.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Warrants among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Principal Warrant Agent, the Luxembourg Warrant Agent and MSIL will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Warrants represented by Global Warrants or for maintaining, supervising or reviewing any records relating to such beneficial interests.

OFFERING AND SALE

The relevant Issuer has in a master subscription agreement (the **Subscription Agreement**) dated November 27, 2003 agreed with Morgan Stanley & Co. International Limited a basis upon which it may from time to time agree to purchase Regulation S Warrants or Rule 144A Warrants, as the case may be. Any such Subscription Agreement will extend to those matters stated under “Form of Regulation S Pricing Supplement” and “Terms and Conditions of the Regulation S Warrants”, “Form of Rule 144A Pricing Supplement” and “Terms and Conditions of the Rule 144A Warrants” or “Terms and Conditions of the Unitary Warrants” and “Form of Unitary Warrant Pricing Supplement”, as applicable.

Distribution of the Warrants will be by means of private placement

No action has been or will be taken by any Issuer or any Manager that would permit a public offering of any Warrants or possession or distribution of any offering material in relation to any Warrants in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Warrants, or distribution of any offering material relating to any Warrants, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on any Issuer and/or any Manager.

United States of America

The Warrants and the Master Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state in the United States. The Warrants may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

The Regulation S Warrants may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act). Offers, sales and resales of Rule 144A Warrants may only be made to, or for the account or benefit of, U.S. persons that are QIBs. Offers, sales and resales of Unitary Warrants may only be made to, or for the account or benefit of, U.S. persons that are QIBs who are also QPs.

The Issuers acknowledge, and each Manager appointed under the Programme will acknowledge, that (1) the Warrants have not been and will not be registered under the Securities Act or the securities laws of any State in the United States, (2) the Regulation S Issuer will not offer, sell or deliver the Regulation S Warrants at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons, (3) the Rule 144A Issuer will only offer, sell or deliver Rule 144A Warrants at any time to, or for the account or benefit of, U.S. persons who qualify as a QIB, (4) the Unitary Warrant Issuer will only offer, sell or deliver Unitary Warrants at any time to, or for the account or benefit of, U.S. persons who qualify as QIBs and also as QPs and (5) at or prior to confirmation of the sale of any Warrants, each dealer or person receiving a selling concession, fee or other remuneration that purchases Warrants from the Issuer will be sent a written confirmation or other notice containing language substantially the same as the foregoing.

Any person purchasing Warrants of a series eligible for sale (a) to a QIB who is also a QP or (b) to, or for the account or benefit of, any U.S. person who is a QIB and a QP must agree with the Issuer that any resales of such Warrants to, or for the account or benefit of, a U.S. person may be effected only to or through the Issuer to either a QIB who is also a QP or to a non U.S. person outside the United States. Each investor purchasing Unitary Warrants will be required to sign and deliver an

Investor Representation Letter pursuant to which it will agree, among other things, that any resales of such Warrants may be effected only to or through the Issuer to either a QIB who is also a QP or to a non U.S. person outside the United States. See “Notice to Purchasers and Holders of Warrants and Transfer Restrictions”.

Each Warrantholder and each beneficial owner of a Warrant represents as a condition to purchasing or owning such Warrant or any beneficial interest therein that, unless such Warrants are eligible for sale in the United States in accordance with Rule 144A (as indicated in the applicable Pricing Supplement), neither it nor any person for whose account or benefit the Warrants are being purchased is a U.S. person or is located in the United States, nor was solicited to purchase the Warrants while present in the United States. Each Warrantholder agrees not to offer, sell or deliver at any time, directly or indirectly, any of the Warrants in the United States or to, or for the account or benefit of, any U.S. person and agrees that if it should resell or otherwise transfer the Warrants it will do so only to a non-U.S. person in an offshore transaction in reliance on Regulation S under the Securities Act.

Furthermore, neither the sale of nor trading in Warrants that relate to currencies, commodity prices, interest rates or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended.

Additional selling restrictions may be applicable to a particular series of Warrants. A complete statement of the selling restrictions applicable to each series of Warrants will be set out in the applicable Pricing Supplement.

United Kingdom

All applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) must be complied with in respect to anything done in relation to any Warrants in, from or otherwise involving the United Kingdom. An invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of any Warrants in circumstances in which section 21(1) of the FSMA does not apply to each Issuer or the Guarantor.

Warrants falling within Regulation 3(2)(b) (subject to Regulation 3(4)(a)) and Regulation 3(2)(c) of the Public Offers of Securities Regulations 1995, as amended (the **POS Regulations**), may not be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the POS Regulations.

Hong Kong

Each Manager appointed under the Programme represents and agrees that, unless permitted to do so under the securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, any advertisement, invitation or document relating to each Series of Warrants in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to each Series of Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Cayman Islands

No invitation may be made by or on behalf of the Issuers to the public in the Cayman Islands to subscribe for any Warrants.

General

With regard to each issue of Warrants, each Manager will be required to comply with such other additional restrictions as the relevant Issuer and such Manager shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

- 1.** The Regulation S Issuer and Unitary Warrant Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands, and the Rule 144A Issuer has obtained all necessary consents, approvals and authorisations in the State of Delaware, U.S.A., in connection with the issue of the Warrants. The issue of the Warrants pursuant to this Information Memorandum dated November 27, 2003 was approved and ratified pursuant to a resolution of the Regulation S Issuer's directors dated November 26, 2003. The Guarantor has obtained all necessary consents, approvals and authorisation in the State of Delaware, U.S.A. in connection with the Master Guarantee.
- 2.** Except as disclosed in this Information Memorandum (including any document incorporated by reference herein), neither the Issuers nor the Guarantor nor any of their respective subsidiaries is involved in, nor has, to the best of the Issuers' and the Guarantor's knowledge and belief, pending or threatened against it, any litigation, claims or arbitration proceedings that could have (having taken into consideration the amounts involved and the likelihood of success of such proceedings), a material adverse effect on its ability to perform its obligations in the context of the issue of the Warrants, in the case of each of the Issuers and, the Master Guarantee, in the case of the Guarantor.
- 3.** Since the date of the most recent audited annual financial statements of Morgan Stanley (Guarantor and Rule 144A Issuer) set out in its Form 10-K, there has been no material adverse change in the financial or business position of Morgan Stanley (Guarantor and Rule 144A Issuer) other than as disclosed in this Information Memorandum (including any document incorporated by reference herein) as of November 27, 2003.
- 4.** The Warrants have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg. The appropriate common codes and ISIN codes for each series of Warrants allocated by the relevant clearing system(s) will be specified in the applicable Pricing Supplement. If the Warrants of any series are to clear through an additional or alternative Clearing System the appropriate information will be specified in the applicable Pricing Supplement.
- 5.** For so long as Warrants may be issued pursuant to this Information Memorandum, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the principal office from time to time of the Luxembourg Warrant Agent:
 - 5.1** the constitutive documents of the Regulation S and Unitary Warrant Issuer;
 - 5.2** the Certificate of Incorporation and the By-Laws of Morgan Stanley (Guarantor and Rule 144A Issuer);
 - 5.3** a copy of this Information Memorandum;
 - 5.4** a copy of the Master Warrant Agreement (which contains the form of Global Warrants and Definitive Warrant Certificates);

- 5.5** a copy of the Master Guarantee issued by the Guarantor;
 - 5.6** any pricing supplement and any future prospectuses, offering circulars, information memoranda and other supplements to this Information Memorandum (save that a Pricing Supplement relating to an unlisted Warrant will only be available to a holder of such Warrant and such holder must produce evidence satisfactory to the Luxembourg Warrant Agent as to the identity of such holder) and any other documents incorporated herein or therein by reference;
 - 5.7** a copy of the Master Subscription Agreement;
 - 5.8** in the case of a syndicated issue of listed Warrants, the syndication agreement (or equivalent document);
 - 5.9** the current Form 10-K which consists of the audited consolidated financial statements for the fiscal year ended November 30, 2002 and future Form 10-K of Morgan Stanley (Guarantor and Rule 144A Issuer), any current Form 10-Q (including the unaudited quarterly reports on Form 10-Q for each of the fiscal quarters ended February 28, 2003, May 31, 2003 and August 31, 2003) and future Form 10-Qs and any Form 8-Ks of Morgan Stanley (Guarantor and Rule 144A Issuer) filed since the date of the current Form 10-K; and
 - 5.10** any other documents as required by the Luxembourg Stock Exchange from time to time.
- 6.** Application has been made for Warrants issued under the Programme to be able to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated to the Programme the number 12548 for listing purposes. A legal notice relating to the Programme and copies of the constitutive documents of the Regulation S Issuer and the Unitary Warrant Issuer and the Certificate of Incorporation and Bylaws of the Rule 144A Issuer/Guarantor are being lodged with the Commercial Register at Luxembourg (*Registre de Commerce de Société à Luxembourg*) where such documents may be inspected and copies obtained upon request.

REGULATION S ISSUER AND UNITARY WARRANT ISSUER

MSDW Asia Securities Products LLC
Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands

RULE 144A ISSUER AND GUARANTOR

Morgan Stanley
1585 Broadway
New York
New York 10036
U.S.A.

PRINCIPAL WARRANT AGENT

Morgan Stanley Dean Witter Asia Limited
30th Floor, Three Exchange Square
Central
Hong Kong

LUXEMBOURG WARRANT AGENT & LISTING AGENT

Dexia Banque Internationale à Luxembourg
69 route d'Esch, L-2953
Luxembourg

LEGAL ADVISERS TO THE ISSUERS

As to Cayman Islands law:
Maples and Calder Asia
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

As to English law:
Allen & Overy
9th Floor
Three Exchange Square
Central
Hong Kong

As to United States law:
Cleary, Gottlieb, Steen & Hamilton
Bank of China Tower
One Garden Road
Central
Hong Kong

AUDITORS TO THE RULE 144A ISSUER AND THE GUARANTOR

Deloitte & Touche LLP
Certified Public Accountants
2 World Financial Center
New York
New York 10281
U.S.A.

CALCULATION AGENT

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
UK

MANAGER

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
UK

DEALER IN THE UNITED STATES

Morgan Stanley & Co. Incorporated
1585 Broadway
New York
New York 10036-8293
U.S.A.

